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ABSTRACT

This hearing discusses proposed legislation which would reauatorize federal impact aid as part of the Elementary, Secondary and Vocational Education Act of 1987. Three members of Congress and the Assistant Secretary for Elementary and Secondary Education of the U.S. Department of Education presented testimony. Recommendations included the following: (1) realistic levels of impact aid to offset the loss of property tax revenue from tax-exempt military installations are needed by school districts that must educate the children of military personnel; (2) the Federal Government should quaranatee the availability and distribution of impact funds to school districts that must spend inordinate amounts of time preparing and justifying programs and budgets; (3) special consideration should be given to the six coterminous school districts nationwide that have no tax base and are totally dependent on state aid and federal impact aid; and (4) proposed amendments would ensure more equitable distribution of funds by restricting payments to districts that are directly affected by the presence of non-taxable federal properties that serve as the place of employment as well as the place of residence for families with school-age children. Prepared statements from 14 school administrators are appended. (FMW)

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REAUTHORIZATION OF EXPIRING FEDERAL ELEMENTARY AND SECONDARY EDUCATION PROGRAMS

Impact Aid

Volume 7

HEARING

BEFORE THE

SUBCOMMITTEE ON ELEMENTARY, SECONDARY, AND VOCATIONAL EDUCATION

OF THE

COMMITTEE ON EDUCATION AND LABOR
HOUSE OF REPRESENTATIVES

ONE HUNDREDTH CONGRESS

FIRST SESSION

ON

H.R. 5

HEARING HELD IN WASHINGTON, DC, MARCH 31, 1987

Serial No. 100-8

Printed for use of the Committee on Education and Labor

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H.R. 5 (SCHOOL IMPROVEMENT ACT) IMPACT AID PROGRAM

TUESDAY, MARCH 31, 1987

House of Representatives,
Subcommittee on Elementary, Secondary,
and Vocational Education,
Committee on Education and Labor,
Washington, DC.

The subcommittee met, pursuant to call, at 9:40 a.m., in room 2175, Rayburn House Office Building, Hon. Augustus F. Hawkins (chairman of the subcommittee) presiding.

Members present: Representatives Hawkins, Ford, Kildee, Hayes, Richardson, Goodling, Fawell, Gunderson, Petri, and Roukema.

Staff present: John F. Jennings, counsel; Alan Lovesee, associate counsel; June Harris, legislative specialist; Beverly Griffin, secretary; Jo-Marie St. Martin, minority legislative associate; and David Esquith, minority legislative associate.

Chairman Hawkins. The Subcommittee on Elementary, Secondary, and Vocational Education is called to order.

This morning the first panel will consist of Members of Congress who may be present, beginning with the Honorable Owen B. Pickett, a Member of Congress from Virginia; the Honorable Jim Slattery, a Member of Congress from Kansas; and the Honorable Hal Daub, a Member of Congress from Nebraska.

Gentlemen, we will forgo the usual commendation and greetings and so forth. I think we can stipulate that you have been well-versed in all of them anyway. But we look forward to your testimony. Any prepared statements will be entered in the record in their entirety and we would appreciate your giving us the highlights of the testimony, beginning with Congressman Pickett.

STATEMENT OF HON. OWEN B. PICKETT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF VIRGINIA

Mr. Pickett. Thank you, Mr. Chairman.

I appreciate this opportunity to appear before the subcommittee this morning to briefly address the importance of Federal impact aid and the need to reauthorize it as a part of the Elementary, Secondary and Vocational Education Act of 1987.

I represent the cities of Norfolk and Virginia Beach, both of which have an extremely large military presence. In Virginia Beach, 10 percent of the $14 billion in real estate and personal property valuation is owned by the Federal Government, while in

Norfolk the Federal Government owns $2.7 billion of the entire property value, which is set at $9.4 billion.

While our relationship with the military is a good one, and one we want to preserve, property tax revenues are significantly reduced because of tax-exempt Federal property and because of the large amount of goods and services provided by the Federal Government to the military. This strains the ability of our local governments to deliver basic services.

Nowhere is that strain felt more acutely than in the area of public education. The two cities in my district have a combined total of approximately 41,000 federally-connected children in categories A and B. As a result, impact aid payments have been a vital and important source of revenue for our public school systems as well as the systems of similarly impacted local governments.

The administration's proposal to eliminate payments for the B category students—that is, those whose parents live or work on Federal property—would further strain the budgets of our local governments. Under the administration's budget, local officials have advised me that the school districts of Norfolk and Virginia Beach would lose, at the very least, $1.5 million and $3 million, respectively.

Mr. Chairman, in evaluating the merits of Federal impact aid in general, and section 3(b) students in particular, I believe it is essential that Congress not view it as a supplemental education program. By supplemental, I mean a program that advances specific educational objectives deemed appropriate by the Congress.

Impact aid is different. It represents a commitment on the part of the Federal Government to compensate local governments for the loss of tax revenues by reason of the Federal presence, and it helps defray the costs they incur in educating the children of Federal employees. Moreover, Public Law 81-874 has served to ensure that the children of military personnel and Federal civilian employees are provided with a quality education that is comparable to that received by children in nonimpacted areas. The school system in Virginia Beach, for example, was recently included among the top 25 school systems in our entire Nation.

I recognize and appreciate the difficult fiscal restraints under which the subcommittee is operating. But the proposal to eliminate payments for category B students would violate the Federal Government's longstanding obligation to federally impacted areas and would, in all likelihood, undercut the quality of public education available to students in those areas.

I urge the members of your subcommittee to support a quality education for the children of our military personnel and civilian employees by opposing any additional reductions in Federal impact aid. As you know, payments in both categories A and B have declined since 1981.

I would further urge that H.R. 5 include a reauthorization of Federal impact aid at levels that more closely balance the needs of a quality school program with the loss of revenue that a large Federal presence creates.

Thank you, Mr. Chairman, for this opportunity to present my views this morning. I would be happy to answer questions.

Chairman HAWKINS. Thank you, Mr. Pickett.

First we will hear from Mr. Daub, and then we will direct questions to the two of you.

I next call on our colleague, the Honorable Hal Daub.

STATEMENT OF HON. HAL DAUB, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEBRASKA

Mr. **Daub**. Mr. Chairman, thank you very much, Mr. Ford, Mr. Goodling.

It's very important that this hearing be scheduled early in the appropriations session. I am delighted to have this opportunity to present views on behalf of my three Native American Indian reservations in Nebraska, as well as the Strategic Air Command, SAC Air Force Base, the Sarpy County area, the headquarters of SAC worldwide, and the surrounding communities and their school districts, the Papillion-LaVista and Plattsmouth areas, as well as Bellevue.

I want to thank you for the opportunity to testify on the importance of impact aid, a program important not only to my constituents in Nebraska, but to the more than half-a-million children of military personnel who depend upon impact aid for their education. It is imperative that the impact aid program continue so that these children can be guaranteed a quality, basic education.

Notice that I said "basic" education. Impact aid is not a supplemental program. It is a program that provides for the basic education—reading, writing, and arithmetic—of children of military personnel. It is a Federal obligation owed to local school districts for providing services to federally connected students. Those may be low income and/or Native American Indians.

With the presence of a Federal installation, land, business and personal property as exempt from taxation—taxes that typically support our local school districts. In 1950, Congress recognized this problem and developed the impact aid program, an entitlement program whereby the Federal landowner could provide a payment-in-lieu-of-taxes payment to help offset the cost of education for federally-connected students. Since that time, numerous studies have been commissioned confirming the financial obligation of the Federal Government to school districts that serve children of those federally connected individuals.

As we know, the impact aid program worked well until 1970, at which time Federal appropriations were reduced in the middle of the school year, an action which forced the closing of many schools, the layoff of teachers, extended breaks from school for students, and tremendous community tensions. We do not want to see this type of action repeated.

Certainly we recognize the obligation of the Federal Government. Yet every year school districts, such as those that I represent in Nebraska, have the insurmountable task of justifying the program in Washington and then setting budgets in their local school districts, not knowing if the program will be adequately funded. Or, if the program is funded, what formulas will be used for distribution.

While I do advocate that school districts be attuned to our annual budgetary actions, I do not think it is fair to them to operate a school budget in such an uncertain environment. As we believe that education is an economic investment in our Nation's future leaders, we should support our local educators by guaranteeing them that the dollars to meet our Federal obligation will be available to them.

Later today you will be hearing from my constituents who represents the Bellevue public school district and the Papillion-LaVista school district in Nebraska, and our Native American Indian reservational interests. They will be sharing their strong support for reauthorization of the impact aid program and will be able to offer specific examples of the program's impact on their school districts.

Finally, Mr. Chairman, I want to indicate that later this afternoon I will be introducing legislation aimed at making both technical and substantive changes in our current impact aid program. The bill will be referred to your committee and I look forward to working with you in hopes of incorporating some of these provisions into a final reauthorization bill.

Again, Mr. Chairman, and members of the committee, I want to tell you how much I appreciate your allocating the committee's time to testify in the midst of a very hectic reauthorization and appropriations schedule, and I am sure that Mr. Pickett and I both very much appreciate the privilege of being before you today.

[The prepared statement of Hon. Hal Daub follows:]

Testimony Presented to
House Committee on Education and Labor
Pertaining to
Reauthorization of P.L. 874, "Impact Aid"
by
Congressman Hal Daub
2nd Congressional District of Nebraska
March 31, 1987

Mr. Chairman and Members of the Committee,

Thank you for the opportunity to testify today on the importance of Impact Aid, a program important not only to my constituents in Nebraska, but to the more than one-half-million children of military personnel who depend on this program for their education. It is imperative that the impact aid program continue so that these children can be guaranteed a quality, basic education.

Notice I said basic education. Impact aid is not a supplemental program. It is a program that provides for the basic education (reading, writing, and arithmetic) of children of military personnel. It is a federal obligation owed to local school districts for providing services to federally-connected students.

With the presence of a federal installation, land, business, and personal property are exempt from taxation--taxes that typically support a local school district. In 1950 Congress recognized this problem and developed the impact aid program--a device whereby the federal landowner could provide in-lieu-of tax payments to help offset the cost of education for federally-connected students. Since that time numerous studies have been commissioned confirming the financial obligation of the federal government to school districts that serve children of military personnel.

The impact aid program worked well until 1970, at which time appropriations were cut in the middle of the school year forcing the closing of schools, layoff of teachers, extended breaks from school for students, and tremendous community tension. This was not a healthy situation--nor is it one that I would like to see repeated.

Certainly, we recognize the obligation of the federal government. Yet every year school districts, such as those I represent in Nebraska, have the insurmountable task of justifying the program in Washington, and setting budgets in their local district not knowing if the program will be adequately funded. Or, if the program is funded, what formulas will be used for distribution. This should not be the responsibility of local school districts--it is not fair for us to place this type of burden upon our local educators and community. If we truly believe that education is an economic investment and our children are the future leaders of this nation, then we should rely on school district officials to spend their time insuring that our children receive the best education possible. We should not force our educators and community leaders to spend an inordinate amount of time justifying the need for impact aid, but rather we should provide them guarantees that the dollars to meet this federal obligation will be available to provide for the education of our children.

Today representatives from the Bellevue and Papillion/LaVista Public Schools in Nebraska join me in seeking your support in the reauthorization for the impact aid program. At this time I would like to ask Mr. John Hansen, President of the Bellevue Board of Education, and Dr. Richard Triplett, Superintendent of the Bellevue Public Schools to give you a brief overview of the Bellevue/Offutt Community and the need for impact aid.

Chairman **Hawkins**. Thank you, Mr. Daub.

Without objection, the statement of the Honorable Jim Slattery will be placed in the record following the testimony of Mr. Pickett and Mr. Daub.

[The prepared statement of Hon. Jim Slattery follows:]

STATEMENT OF
HON. JIM SLATTERY (2ND-KS)
BEFORE THE SUBCOMMITTEE ON
ELEMENTARY, SECONDARY & VOCATIONAL EDUCATION
COMMITTEE ON EDUCATION AND LABOR
MARCH 31, 1987

MR. CHAIRMAN.

THANK YOU FOR THE OPPORTUNITY TO APPEAR BEFORE YOU THIS MORNING CONCERNING WHAT I BELIEVE IS AN IMPORTANT YET OFTEN SLIGHTED EDUCATION PROGRAM.

THAT PROGRAM I AM REFERING TO IS IMPACT AID.

AS YOU KNOW, THE PURPOSE OF THE IMPACT AID PROGRAM IS TO OFFSET THE IMPACT OF FEDERAL ACTIVITES AND FEDERALLY OWNED TAX-EXEMPT PROPERTY IN LOCAL SCHOOL DISTRICTS.

IMPACT AID IS A NECESSITY FOR MILITARY DISTRICTS. IN MOST MILITARY DISTRICTS, LOCAL PROPERTY TAXES WOULD NEED TO BE RAISED BY OVER 100 PERCENT TO GENERATE FUNDING EQUAL TO THE IMPACT AID PAYMENTS. THIS INCREASE WOULD AFFECT MILITARY FAMILIES LIVING OFF-POST DRASTICALLY, AS WELL AS THE REST OF THE LOCAL COMMUNITY.

IMPACT AID REPRESENTS THE FULFILLMENT OF FEDERAL FINANCIAL RESPONSIBILITY TO CERTAIN LOCAL SCHOOL DISTRICTS. LOCAL DISTRICTS WITH FEDERAL PROPERTY WITHIN THEIR BOUNDARIES ARE HAMPERED IN THEIR ABILITY TO GENERATE LOCAL REVENUE BY THE TAX EXEMPT NATURE OF THAT FEDERAL PROPERTY.

FREQUENTLY, THAT SAME PROPERTY PROVIDES AN ADDITIONAL BURDEN FOR THE LOCAL SCHOOL DISTRICT BY RESULTING IN THE PRESENCE OF ADDITIONAL CHILDREN OF FEDERAL AND FEDERALLY CONNECTED WORKERS.

UNDER THESE CIRCUMSTANCES, THE FEDERAL GOVERNMENT HAS A CLEAR RESPONSIBILITY AND A DUTY TO FUND THE DISTRICTS TO OFFSET THE FEDERAL IMPACT.

I AM PARTICULARLY CONCERNED WITH A SPECIAL SUBGROUP AMONG IMPACT AID RECIPIENT DISTRICTS, THOSE WHOSE SCHOOL DISTRICT BOUNDARIES ARE EXACTLY IDENTICAL TO THE BOUNDARIES OF THE FEDERAL PROPERTY.

THESE "COTERMINOUS DISTRICTS" NUMBER ONLY SIX NATIONWIDE AND ARE IN AN ESPECIALLY VULNERABLE SITUTATION BECAUSE THEY HAVE NO LOCAL TAX BASE WHATSOEVER. THESE DISTRICTS--TOTALLY DEPENDENT AS THEY ARE ON STATE AID AND FEDERAL IMPACT AID PAYMENTS--HAVE A SPECIAL CLAIM TO FULL AND ADEQUATE IMPACT AID FUNDING.

I REPRESENT THE FORT LEAVENWORTH SCHOOL DISTRICT WHICH IS A COTERMINOUS DISTRICT. AT LEAVENWORTH, FEDERAL IMPACT AID PAYMENTS HAVE MEANT QUALITY LOCAL EDUCATION PROGRAMS FOR ALL THE STUDENTS DESPITE THE FACT THAT THE DISTRICT HAS NO ABILITY TO GENERATE LOCAL REVENUES.

THE LAST REAUTHORIZATION OF IMPACT AID, P.L. 98-511, ADDED A PROVISION TO THE LAW TO GUARANTEE THAT THESE DISTRICTS RECIEVE 100 PERCENT OF THEIR IMPACT AID ENTITLEMENTS.

I STRONGLY URGE THE COMMITTEE TO RETAIN THIS LANGUAGE IN ANY REAUTHORIZATION AND ASK THE COMMITTEE TO ENSURE THAT THESE ENTITLEMENTS NOT BE REDUCED THROUGH ADMINISTRATIVE "PROCEDURAL" OR "PROGRAMATIC" REFORMULATIONS.

CLEARLY, THE FEDERAL GOVERNMENT CANNOT-- AND MUST NOT-- FAIL TO LIVE UP TO ITS FISCAL RESPONSIBILITY TO THESE IMPACTED SCHOOL DISTRICTS.

THE COMMITTEE SHOULD ENSURE THAT THE REAUTHORIZATION PROVIDES ADEQUATE FUNDING FOR ALL CATEGORIES OF STUDENTS IN FEDERALLY IMPACTED SCHOOL DISTRICTS, BUT SHOULD ALWAYS SPECIALLY CONSIDER THE UNIQUE FINANCIALLY VULNERABLE SITUATION OF COTERMINOUS DISTRICTS.

THANK YOU AGAIN, MR. CHAIRMAN, FOR THE OPPORTUNITY TO BE HERE THIS MORNING. I AM SORRY THAT I CANNOT STAY TO LISTEN TO THE OTHER TESTIMONY TO BE PRESENTED BUT I DO APPRECIATE THE CHANCE TO SHARE WITH YOU SOME OF MY CONCERNS ABOUT THE REAUTHORIZATION OF THE IMPACT AID PROGRAM AND COTERMINOUS DISTRICTS.

Chairman **Hawkins**. The Chair yields to the gentleman from Michigan, Mr. Ford.

Mr. **Ford**. Thank you, Mr. Chairman.

I am somewhat familiar with both areas that the gentlemen are talking about because this is now my 23rd year looking at it. My first bill, as a matter of fact, that Adam let me have back in the days when you could only have one sponsor on a bill, was the emergency rebuilding of schools in California after an earthquake, Public Law 15, which is the companion piece of 874, which we're talking about. People forget that the whole Elementary and Secondary Act is really an amendment to 874, would that we could have expanded 874 instead, but we've never been able to do that.

One of the problems that has overcome impact aid over the years is the impact aid superintendents themselves—and several of them are here. Some of them have talked to me. As a long-time supporter of their program, I have told them this. They have engaged in internecine warfare, where they developed within themselves an attitude of a class system where some kinds of impacted areas where more worthy of Government attention than others. The result has been that that has narrowed the constituency for this program very considerably.

If you look at the number of congressional districts that have A and super A children in them in the country on the map, you will quickly discover that that won't develop a national consensus for you. We have discovered over the years that any formula that narrows itself down to the point where it doesn't get to enough people soon loses its support. I don't know that there's anybody left on this committee that still has an impact aid school district, and that is very different than it was when Gus and I were here 20 years ago.

I would like to ask you gentlemen, could you support a legislative initiative for impact aid that, in effect, would tell them to cut this out and say that, if there's a shortfall, that the super A's, the B's, the C's, would all be treated the same in that shortfall? I understand it's a tough question for you as you both have super A's—I know yours is a super A district, Hal——

Mr. **Daub**. Both.

Mr. **Ford**. But you've also got an interesting case with the B's in that adjoining school district out there at Offutt, which we already hurt with the out-of-county—Isn't that one of the places where the out-of-county thing in the Seventies caught the school district—Don't you have people living on two sides of the county line?

Mr. **Daub**. Three counties, technically.

Mr. **Ford**. Three counties.

Mr. **Daub**. Yes, and we have a State statute in Nebraska that's a trigger in the event the impact aid program dilutes or disappears, that creates an automatic separate school district for all those military students. It was really a messy scene. You recall correctly.

Mr. **Ford**. We already hit you pretty hard with that back in the Nixon years.

Mr. **Daub**. Yes.

In answer to your question, Mr. Ford, first of all, I do agree that this internecine battle over years of time, inside the special interests, in large school districts and small school districts, those that one might argue are more heavily impacted than others, has created the shaping of formulas—the 3D-2B formula, the super A formula, the A formula, the B, and then this percentage of impaction being applied, too, in the formulas. The question of whether we give impact aid to the military and/or nonmilitary, the meat inspector's kid, if you will, have all crept into the issue.

It seems to me that a fair way to look at the rationing of the limited dollars in the program is to look at the percentage of impaction. I must say that I think that as today's school districts look at their size and their demands on their teachers and their administration, that the prioritizing of the funds that you have ends up being, I think, among a set of unpleasant choices, a fairer way of looking at how that money should be districted. And whenever Government does draw a line, somebody always ends up on one side of it and somebody on the other. I know the agonizing situation that we've been in when that line has been drawn.

But it does end up, I think, with the numerator-denominator problem that you all have making the money go far enough on a variety of programs, that probably indicates to my sensibilities a fairer way, rather than across-the-board cuts or across-the-board apportioning of the money.

Mr. **Pickett**. Mr. Ford, I think in those cases where, like in my district, we have seven major military installations, and in many instances the families live on the base itself. About the only thing they go off the base for is things like education, because they buy all their necessities there on the base and they have housing on the base. But then their children have to go to the public schools.

The point there is certainly there's an impact from a family of that type. We want to support them. I mean, I'm not saying we shouldn't. But the impact certainly is greater than from, let's say, a Federal civilian employee that is living in the community and has more contacts in the community and, of course, is paying a larger share of the community tax burden.

So I would agree with my colleague here, that I think you have to look a little bit certainly at exactly what the results are of the type of students that the community has to deal with. In those cases where they both live and work on a military facility, the impact is definitely greater on the community than in those cases where the people are out living in the community.

Mr. **Ford**. Well, suppose we took that reasoning to a logical conclusion and said that people living and working on the base are really military dependents and a military problem and let them get their money from the Defense Department?

Mr. **Daub**. I've answered that question——

Mr. **Ford**. Do you know what the answer of the Defense Department has been every time they've been approached? "We're not interested."

Now, we have run a school system for children just exactly like that. If they happen to be on a base that's outside of the United States, we pick up the tab for their education. We have some 8,500 school teachers in that system and God knows how many administrators. We have run that ever since the end of World War II. But when you talk to them about people living and working on a base like you are describing, they say that's not their problem. Maybe that needs to be reexamined.

Those of us who do not have military installations don't usually have a whole lot of people listen to us when we talk about those issues, but those of you who do have military installations—We do know that over the years there has been considerable resistance in some of the States to the idea of the impact aid district getting special treatment from the Government. In the late sixties and early seventies we had a whole series of States who tried to figure out offsets, deducting the amount of money that a school district got for impact from the State aid formulas, and it was all over the country. This committee took action then, and each time they came up with a new way to steal the impact money, we found a way to plug it up.

But it might be time—and maybe that's what the people with the super A districts really want—it might be time to get this money out of Caspar Weinberger's budget instead of the Department of Education's budget. It's a lot easier to get money for Caspar Weinberger's budget than it is the education budget.

Mr. **Daub**. Mr. Ford, may I respond?

Mr. **Ford**. And one of the problems that impact now has in the current environment is that we don't have enough money for any of the education programs. Every time you do something for one education program, because of the nature of the budget process, it has to come out of another education program. It doesn't come out of some other unrelated activity in the budget. So if you put more money in impact aid, you have to take it from something else in Function 500. That is a different ball game than we dealt with before, and it puts impact aid now, just as handicapped aid and all the other programs, in competition with the other educational programs. And when you see the widespread distribution of the other formulas against the impact formula, you can begin to understand that in that kind of competition it is pretty tough for impact.

I would suggest that maybe we've got to look at better strategies than we have if impact is to stay alive. At its present rate, it will be gone by 1990.

Mr. **Daub**. Mr. Ford, may I respond to that?

Mr. **Ford**. Yes.

Mr. **Daub**. First, I accept your admonition that it's been difficult enough the last 6 years to see my administration attack this particular program without really, I think, sensing its usefulness and its need. I know it has been the "whipping boy" of every administration of both political parties over time.

But I have been particularly frustrated, until the last couple of years, by an absence of interest by the Pentagon and by the military people in this program benefit, a very essential part of the environment of whether or not a family chooses to stay in the service and get transferred around and be sure their kids are getting a good, quality education, wherever they are, and also, for example, certain education interests in this country, including the Department of Education, which often treats this as about a throwaway, although I am happy to see that they are testifying about the program here in front of your committee as soon as we're finished.

I have introduced a resolution to put this program in the Pentagon, in the Defense Department. That might just be a place we ought to go to get the money, Mr. Ford. I couldn't agree with you more, that we may need to look at that as time goes by. But perhaps if the Education Department and the military would take more of an interest in what you're doing here, as we have tried to do, we can improve the program. I look forward to working with you in that regard.

Mr. FORD. I have had no difficulty in working with either of you two gentlemen in the past, and I want you to know I don't come at this with any animosity and antagonism to the program. But I have talked to an awful lot of old, old friends in impact aid recently who have come to see me, and I told them they're in trouble. It's not like it used to be. We need to put our thinking caps on and figure a better strategy than has been pursued up until now. If we pursue the present strategy, each year it gets tougher and tougher.

It's awful hard for me to argue with all of my school people, that we should take money out of their programs to put into this program, when the closest school district to my district in the State is probably 200 miles or more away. They don't even know what impact aid is in my part of the State, although it was the people in my part of the State who originally lobbied the law into existence with something called war plants.

This really was not lobbied, in the first instance, into the law by anybody concerned with military bases. It was the people who suddenly had thrust upon them during wartime years the so-called war plants, that brought large numbers of people to an area and a new phenomena in our part of the country called trailer parks. They now call them mobile home villages and they have all kinds of other names for them. But during the war, in order to accommodate war workers, all kinds of laws were passed to keep you from requiring that they build taxable property to live in. They became real burdens. It was that pressure that built up, and in enough places in the country, to build a coalition that held together for many years. In my early years on this committee, the impact aid superintendents represented, clearly, the most effective education lobby that we dealt with here. No question. But those days have passed us.

Chairman HAWKINS. Mr. Goodling.

Mr. GOODLING. Thank you, Mr. Chairman.

Congressman Pickett, in the 41,000 that you list in the two districts, I assume those two cities are two separate school districts?

Mr. PICKETT. Yes, sir, they are.

Mr. GOODLING. Do you have other school districts beyond these?

Mr. PICKETT. No, just these two make up the entire district.

Mr. GOODLING. I would ask you and Congressman Daub both, what percentage of your impact students are B students?

Mr. PICKETT. In my case, about three-fourths of them, roughly, are B students.

Mr. GOODLING. Three-fourths are B students?

Mr. PICKETT. Yes, sir, approximately.

Mr. GOODLING. So you have more than 20 percent that would be impacted with B?

Mr. PICKETT. Yes.

Mr. GOODLING. Congressman Daub.

Mr. DAUB. In my case, Mr. Goodling, on the B side, it's about 30 percent.

Mr. GOODLING. Thirty percent of your impact students.

Mr. DAUB. Yes.

Mr. GOODLING. Is that 20 percent or more of your student body?

Mr. DAUB. In both school districts, yes, I'm sure it is.

Mr. GOODLING. I have no other questions, Mr. Chairman.

Mr. HAWKINS. Thank you.

Mr. Hayes.

Mr. HAYES. No questions at this time, Mr. Chairman.

Chairman HAWKINS. Mr. Slattery, I just inserted your statement in the record. However, since you have joined the panel, we will allow you the time to go ahead.

Would you give us the highlights of your statement? Your statement, in its entirety, has already been inserted.

STATEMENT OF HON. JIM SLATTERY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF KANSAS

Mr. SLATTERY. I appreciate that, Mr. Chairman, and I will summarize my statement.

First I would like to recognize Mr. Clyde Ransom, who is in the audience today. He is the superintendent of the school district in the Leavenworth area that is responsible for the education of the children that are at Fort Leavenworth.

I am particularly concerned with the coterminous districts, which I know this committee is concerned with. There are only about six of these nationwide, and they are an especially vulnerable situation because they have no local tax base whatsoever. These districts, totally dependent as they are on State aid and Federal impact aid and payments, have a special claim to full and adequate impact aid funding.

I happen to represent both Fort Riley and Fort Leavenworth, in which the Fort Leavenworth school district is a coterminous district. At Leavenworth Federal aid payments have meant quality local education programs for all the students, despite the fact that the district has no ability to generate local revenues. The last authorization of impact aid, Public Law 98-511, added a provision to the law to guarantee these districts receive 100 percent of their impact aid entitlements.

Mr. Chairman, I will just summarize by saying that it is my hope that this committee will do everything it can to make sure that the local districts that do depend on impact aid, especially the coterminous districts, receive the funding necessary.

I know that my statement is now a part of the record, and I appreciate that. I look forward to working with the Chairman and this committee and the appropriate Appropriations Committee, to make sure we do get the kind of funding out there that is necessary.

Chairman HAWKINS. Thank you, Mr. Slattery.

Are there any questions of Mr. Slattery? If not, again gentlemen I wish to thank you for your appearance before the committee.

Chairman HAWKINS. The next panel will consist of the following individuals:

Dr. Lawrence Davenport, Assistant Secretary, Office of Elementary and Secondary Eduction, U.S. Department of Education. He is accompanied by Dr. Stanley Krueger, Director of the Division of Impact Aid, and Mr. Thomas Corwin, Acting Director, Divison of Elementary, Secondary, and Vocational Education.

Also Dr. Robert Thomas, Superintendent, Fallbrook Union High School District in California, and he is accompanied by Dr. Thomas R. Shipley.

Dr. Marvin Buzzard, Superintendent, Santee School District, Niobrara, NE; Mr. John Hansen, President, Bellevue Board of Education, accompanied by Dr. Richard Triplett, Superintendent, Bellevue Public Schools; Dr. Thomas Vincent, Assistant Superintendent for Secondary Instruction, Gallup-McKinley School District, New Mexico; and Donald S. Bruno, Superintendent, Newport News Public Schools, Virginia. Gentlemen, we welcome you.

We will begin with Dr. Lawrence Davenport. Dr. Davenport, the Chair would like to express its appreciation for your distinguished career over a long period of time during which we have, on many occasions, seen fit to call upon you for various assistance, and the Chair is delighted to have you before the committee today.

STATEMENTS OF LAWRENCE F. DAVENPORT, ASSISTANT SECRETARY FOR ELEMENTARY AND SECONDARY EDUCATION, U.S. DEPARTMENT OF EDUCATION, ACCOMPANIED BY STANLEY KRUEGER, DIRECTOR, DIVISION OF IMPACT AID; AND THOMAS CORWIN, ACTING DIRECTOR, DIVISION OF ELEMENTARY, SECONDARY, AND VOCATIONAL EDUCATION, OFFICE OF PLANNING, BUDGET, AND EVALUTION; ROBERT P. THOMAS, PRESIDENT, NATIONAL ASSOCIATION OF FEDERALLY IMPACTED SCHOOLS, ACCOMPANIED BY THOMAS R. SHIPLEY, EXECUTIVE DIRECTOR, NATIONAL ASSOCIATION OF FEDERALLY IMPACTED SCHOOLS; MARVIN BUZZARD, SUPERINTENDENT, SANTEE PUBLIC SCHOOLS, NIOBRARA, NE; JOHN F. HANSEN, PRESIDENT, BELLEVUE BOARD OF EDUCATION, BELLEVUE, NE; ACCOMPANIED BY RICHARD TRIPLETT, SUPERINTENDENT, BELLEVUE PUBLIC SCHOOLS; A. THOMAS VINCENT, ASSISTANT SUPERINTENDENT, SECONDARY EDUCATION, GALLUP-McKINLEY COUNTY PUBLIC SCHOOLS, GALLUP, NM; AND DONALD S. BRUNO, SUPERINTENDENT, NEWPORT NEWS PUBLIC SCHOOLS, VIRGINIA

Mr. DAVENPORT. Thank you, Mr. Chairman.

Mr. HAWKINS. May I say to the witnesses, if I may interrupt, Dr. Davenport, that the testimony in its entirety will be entered in the record. We would appreciate you highlighting the testimony, rather than reading it verbatim before the committee, so that members of the committee will have an opportunity to question you. It is not usual that we have so many experts present at one time, and I'm quite sure that some discussion will follow the written statements. Thank you.

Mr. DAVENPORT. Thank you, Mr. Chairman. As you know, this is my last hearing before you before I join the Energy Department. I appreciate your very kind remarks. I'm going to provide a summary statement.

I am pleased to appear before you today to testify on behalf of the administration's proposed Impact Aid Amendments of 1987. This proposal will be submitted to the Congress shortly. It contains amendments to sections 2, 3, including 3(d)(2)(B), and 7, among other provisions of Public Law 81-874, and technical amendments to sections of both Public Law 81-874, and Public Law 81-815. These amendments will be proposed in order to make program improvements, to carry out what we regard as the legitimate obligation of the Federal Government to provide compensation to local school districts burdened by Federal activities, and to reauthorize the program. I will describe some of the substantive amendments.

The administration firmly believes that the Federal Government has a clear responsibility to make "A" payments under section 3 on behalf of children who reside on and whose parents work on Federal property. We believe the so-called B children do not represent a significant burden to their school districts and Federal payments on their behalf have not been justified. Our proposal would repeal section 3(b) of the program statute and other provisions that authorize payments on behalf of B children.

Our proposal contains a number of amendments to section 3(d)(2)(B) which provides additional funds to the most heavily impacted districts. Some of the changes will make provision of this section consistent with the amendments enacted in 1986, to base these payments on regular section 3 payments, rather than section 3 entitlements, which may not be fully funded. Other changes will enable the Department to make these payments sooner, so that eligible districts will have the funds available during the year in which they are needed.

We are also proposing changes to section 7, which authorizes disaster assistance payments, to incorporate policies contained in recent appropriate acts and program statute.

Thank you, Mr. Chairman, for this opportunity to present our legislative proposal. My colleagues and I will be happy to answer any of your questions.

[The prepared statement of Lawrence F. Davenport follows:]

Statement of

Lawrence F. Davenport, Assistant Secretary for
Elementary and Secondary Education

Before the

Subcommittee on Elementary, Secondary, and Vocational Education

House Committee on Education and Labor

March 31, 1987

Assistant Secretary Davenport is accompanied by

W. Stanley Kruger
Director, Division of Impact Aid
Office of Elementary and Secondary Education

Thomas M. Corwin
Acting Director, Division of Elementary, Secondary, and
Vocational Analysis, Office of Planning, Budget and Evaluation

DEPARTMENT OF EDUCATION

Statement by the Assistant Secretary for

Elementary and Secondary Education

on

Impact Aid

Mr. Chairman and Members of the Subcommittee:

I am pleased to appear before you today to testify on behalf of the Administration's proposed Impact Aid Amendments of 1987. This proposal, which will be submitted to the Congress shortly, contains amendments to Sections 2, 3 (including 3(d)(2)(B)), and 7, among other provisions of Public Law 81-874, and technical amendments to sections of both Public Law 81-874 and Public Law 81-815. These amendments will be proposed in order to make program improvements, to carry out what we regard as the legitimate obligation of the Federal Government to provide compensation to local school districts burdened by Federal activities, and to reauthorize the program. This statement discusses a number of the substantive provisions in our proposal.

The Administration firmly believes that the Federal Government has a clear responsibility to make "a" payments under Section 3 in order to assist school districts that are directly affected by the presence of non-taxable Federal properties which serve as the place of employment as well as the place of residence for families with school-age children. For payments under Section 3 on behalf of the so-called "a" children, the proposal would replace the tiered payment schedule in current law with a payment formula based on the proportion that "a" children constitute of a district's total average daily attendance. We believe this formula would be more equitable than the current one, because payment levels would decline more gradually from the most heavily impacted districts to the more lightly impacted districts. These payments would only be made to districts that would receive at least $5,000.

We continue to assert the principle that Federal financial assistance should not be provided for children who do not represent a significant burden to the school districts that educate them. The so-called "b" children do not represent such a burden, and Federal payments on their behalf are not justified. Consequently, the proposal would repeal Section 3(b) of the program statute and other provisions that authorize payments on behalf of "b" children. A number of other provisions would make conforming changes to reflect the repeal of the authority for "b" payments.

Our proposal contains a number of amendments to Section 3(d)(2)(B), which authorizes increased payments to districts whose federally connected children account for more than 50 percent of average daily attendance and whose funds are not sufficient to provide a level of education equivalent to that provided by comparable school districts in the same State. Changes would be made to base 3(d)(2)(B) eligibility determinations on actual Section

3 payments received, rather than on Section 3 entitlements, which may not be fully paid. This is consistent with a legislative change enacted in 1986 to base the calculation of 3(d)(2)(B) payment amounts on actual Section 3 payments received, rather than on Section 3 entitlements. Under our proposal, a specific amount would be provided for 3(d)(2)(B) payments. This limited set-aside would prevent the delays in determining 3(d)(2)(B) payment amounts from affecting the timing of payments to other school districts. In an effort to reduce the delays in getting funds to districts eligible under Section 3(d)(2)(B), we are also proposing to base these payments on the prior-year expenditures of the comparable school districts, rather than on their current-year expenditures.

With respect to Section 2, which authorizes payments to districts incurring a considerable loss of tax base as a result of Federal acquisition of real property, the bill would repeal a provision of the Education Amendments of 1984 that prohibits the Department from collecting more than 10 percent of certain Section 2 overpayments in a single year. This provision is burdensome and is not necessary because the Department has administrative discretion that it may use to negotiate reasonable repayment schedules for individual districts.

The proposal also would change the preliminary payment provision for Sections 2 and 3, to minimize the need for making subsequent adjustments for overpayments. This change would allow reduced preliminary payments in instances in which it appears that making a full preliminary payment would result in an overpayment to a school district.

For the Disaster Assistance program, authorized under Section 7 of Public Law 81-874 and Section 16 of Public Law 81-815, the proposal would raise the eligibility threshold to $10,000 or five percent of the applicant's prior-year operating expenditures, whichever is less. This is a more appropriate level in light of current construction costs, and it has been implemented through the appropriations process since 1981. Also, we would add to Section 7 a provision permitting funds available for that section to be used for Section 16 as well. The proposal would terminate the authority for "pinpoint disaster" assistance under both Public Law 81-874 and Public Law 81-815. No funds have ever been specifically appropriated for this authority, and congressional reports have stated that pinpoint disaster claims should be the responsibility of State and local governments.

In addition, our proposal would repeal a provision enacted in 1986 governing the counting of kindergarten children for purposes of Section 3 payments. This provision does not change the Department's practice for most States. However, it adversely affects payments for kindergarten children in some States by requiring the Department to count full-day kindergarten children as half-time students when the State counts them as half-time students for State aid purposes. We believe this provision is inconsistent with the purposes of this program.

Thank you, Mr. Chairman, for this opportunity to discuss our legislative proposal. My colleagues and I will be happy to respond to your questions.

Chairman HAWKINS. Thank you, Dr. Davenport.

The next witness is Dr. Robert Thomas, Superintendent, Fallbrook Union High School District in California.

Dr. THOMAS. Thank you, Mr. Chairman. I am here representing the National Association of Federally Impacted Schools.

Without going into the history—it's included in my testimony—I think we're aware of the fact that the overriding concept supporting reimbursement payments to local school districts by the Impact Aid law is that Federal ownership or Federal activity has placed a financial burden on local school districts' ability to generate sufficient revenue to educate its children. The assumption is that the tax-free status of Federal property and certain Federal activities prevents, in one way or another, directly or indirectly, the generation of the local share of the per-pupil cost.

Impact aid funds are allocated, as you know, through a variety of formulas covering a variety of needs of students—A, B, Indian students, low rent housing students, many of these students in the poverty level, and students on our Native Indian reservations.

This is one program where the Federal Government and school districts are able to work hand-in-hand in meeting the needs of these students, and certainly our nation. A great deal of attention has been given over the past several months in a number of reports and publications, questioning the quality of education in our great nation. Special attention has been given to the dangers facing this nation's future if the quality of education is not improved in districts throughout our country. I believe most people would agree that there is certainly a direct correlation between funding and the quality of educational programs that exist. The failure of our Federal Government to continue to fund impact aid would only add to this crisis.

I would recommend that your committee not only support our reauthorization, but encourage Congress to support movement toward full funding of the program in a planned and timely process. We recognize full funding of impact aid may not be possible in any one year, but we certainly believe significant progress can and should be made in a reasonable period of time.

As president of the National Impact Aid Association, I would like to stress the concern our organization has shown toward the reauthorization process. Last spring I selected a task force to review the impact aid program and to develop a reauthorization proposal that would best address the needs of all students and all school districts across the country who are dependent on this program. A nine-member task force was appointed and three well-qualified consultants selected to work with us. Selection of the task force was made to include representatives from all the various categories of the program. A number of meetings were held to allow input from people, to write in suggestions. Opportunities for testimony was given. Early drafts were made available and a lot of work went on to come up with a document that we presented to your committee.

I feel the final recommendation of our association represents unity and equity for everyone in the program. Even after an almost unanimous acceptance of the task force proposal last fall, the association continued to seek revision and compromise with a few districts who felt their concerns were not fairly dealt with. In fact, these went on through yesterday afternoon and basically reached a conclusion, and I think agreement, yesterday and today.

Earlier in my comments I addressed concern for the many military students who qualify as poverty level students. It needs to be stressed that thousands of poverty level and handicapped students have their particular needs addressed through the impact aid program. Although much of the impact aid funding is noncategorical and used by school districts to serve all students, $82 million of the current program is directed toward handicapped and poverty level children. These funds are carefully monitored with clear audit trails to assure that the entire $82 million is spent in these categories.

Again, many of those being served are children of our military who often qualify at a poverty level and face problems of constant mobility, one parent being away on duty, and other problems that qualify them often as handicapped as well as poverty level. Many of our Indian students across the country have special needs and handicaps that are met through this program. Without ongoing reauthorization of this program, the special needs of many of these students obviously will not be met.

A great deal can be said about the obligation of the Federal Government in working with local school districts in meeting the burdens of today's high educational costs. We are all in agreement that a strong military is necessary for the future welfare of this nation. To maintain a strong military, a high qualify of educational programs needs to be available to the dependents of those serving in our armed forces. But the strength of our nation also depends on the strength of all of our future young citizens, be they on an Indian reservation, living in low-rent housing, handicapped students in every State throughout the union, or students enrolled in school districts throughout the nation where the quality of education is dependent upon the reimbursement of funds to local school districts by the Federal Government through Public Law 81-874.

As a school superintendent who has had the privilege of serving as president of the National Association of Federally Impacted Schools, I urge this committee to support reauthorization of Public Law 81-874 as vital and necessary for the welfare of our entire nation.

Thank you, Mr. Chairman.

[The prepared statement of Robert P. Thomas follows:]

IMPACT AID POSITION PAPER

by:

Dr. Robert P. Thomas, President
National Association of Federally Impacted Schools

*Testimony Before Congressman Hawkins' House Subcommittee on Elementary, Secondary, and Vocational Education - March 31, 1987

The federal government has provided assistance to local school districts through impact aid (P.L. 81-874) since 1950. The program was designed to replace temporary federal payments intended to enable local school districts to provide educational opportunities for children who lived within the school district, and whose parents lived on or worked on non-taxable federal property. The Federal Impact Aid Program provides revenues and compensates school districts for property losses resulting from the presence of tax-exempt federal property within the district as well. The overriding concept which supports reimbursement payments to local school districts by the Impact Aid law is that federal ownership or federal activity have placed a financial burden on a local school district's ability to generate sufficient revenue to educate its children. The assumption is that the "tax free" status of federal property and certain federal activities prevents (in one way or another - directly or indirectly) the generation of the local share of the per pupil cost. Impact aid funds are allocated through several formulas that reflect different categories of children, and also the local tax effort as measured by property revenues per unit of Average Daily Attendance. The differing funding formulas recognize two basic categories of students: "a" students live on federal property in the school district and have a parent who works on federal property, and "b" students either live on federal property or have a parent who works on federal property. Funding for "a" students is higher than for "b" students to reflect the additional tax loss. Federal impact aid, most often called P.L. 874 funds, is general purpose revenue and may be spent without restriction. This means that the impact aid funds have become an integral part of paying for education opportunities for all students within a school district. Without these funds, school districts would be severely restricted in the opportunities they could provide to all the federally connected youngsters - be they of military personnel, from Indian lands, from low rent housing units or handicapped - throughout the country. One of the concerns in past years is to maintain a high quality of standards for enlisted men, as well as the officers serving in our armed services. One of the prize "plums" of a duty assignment is to be located within an outstanding school district. You will find in most cases these school districts are very dependent upon P.L. 874 funding, and without impact aid, would not be able to maintain high quality programs for the children of our military personnel. It should be noted that many of the children of non-commissioned officers are served under the segments of the program meeting the needs of those considered living at a poverty level. They commonly live in low-rent housing, qualify for lunch assistance, and the family qualifies for food stamps. A loss of impact aid funding to schools serving these needy children would certainly not be in the best interest of our country. This is one program where the federal government and school districts are able to work hand-in-hand in meeting the needs of our nation.

A great deal of attention has been given over the past several months in a number of reports and publications questioning the quality of education in our great nation. Special attention has been given to the dangers facing this nation's future if the quality of education is not improved in school districts throughout the country. I believe most people would agree that there is certainly a direct correlation between funding and the quality of educational programs that exist. The failure of our federal government to continue to fund impact aid would only add to this crisis.

I would recommend that this committee not only support reauthorization of the program, but encourage the Congress to support movement towards full funding of the program in a planned and timely process. We all recognize full funding of impact aid may not be possible in any one year, but we do believe significant progress can, and should be made in a reasonable period of time.

As President of the National Impact Aid Association, I would like to stress the concern our organization has shown towards the reauthorization process. Last spring, I selected a task force to review the impact aid program and to develop a reauthorization proposal that would best address the needs of all students and school districts across the country who are dependent on the program. A nine member task force was appointed and three well qualified consultants were selected to work with the task force. Selection of the task force was made to include representatives from all the various categories of the impact aid program. A number of meetings were held throughout the country to allow input from anyone interested in doing so. Early drafts were made available to impact aid districts for review as well as to provide additional opportunities to see that all concerns were properly addressed to allow the National Association of Federally Impacted Schools the opportunity to provide recommendations for Reauthorization of Public Law 81-874 to the authorizing committees of the United States Congress that represent united support of the Federally Impacted School Districts in every state of the nation.

I feel the final recommendation of our Association represents unity and equity for everyone in the program. Even after almost unanimous acceptance of the task force proposal last fall, the Association continued to seek revision and compromise with a few districts who felt their concerns were not fairly dealt with. Our Association feels these on-going efforts to resolve problems have in fact resulted in a series of recommendations we can all support at this time as we appear to have come together in support of reauthorization of the impact aid program. The recommendations also contain formulas for fair distribution of available funds until such time as we reach full funding of the program.

Earlier in my comments I addressed concern for the many military students who qualify as poverty level students. It needs to be stressed that thousands of poverty level and handicapped students have their particular needs addressed through the impact aid program. Although much of the impact aid funding is non-categorical and used by school districts to serve all students, 82 million dollars of the current program is directed towards handicapped and poverty level children. These funds are carefully monitored with a clear audit trail to assure the 82 million dollars is spent in these categories. Again, many of those being served are children of our military who often qualify at a poverty level and face problems of constant mobility, one parent being away on duty, and other problems that often qualify them as handicapped, as well as poverty level. Many of our Indian students across the country have special needs and handicaps that are met through our impact aid program. Without on-going authorization of P.L. 81-874 (impact aid) the special needs of many handicapped students, as well as those living at a poverty level will not be properly served.

A great deal can be said about the obligation of the federal government in working with local school districts in meeting the burdens of today's high educational costs. We are all in agreement that a strong military is necessary for the future welfare of this nation. To maintain a strong military, a high quality of educational programs needs to be available to the dependents of those serving in our Armed Forces. But the strength of our nation also depends on the strength of all our future young citizens, be they on an Indian reservation, living in low-rent housing, handicapped students in every state in our Union, or students enrolled in school districts throughout the nation where the quality of education is dependent upon the reimbursement of funds to local school districts by the federal government through P.L. 81-874.

As a school superintendent who has the privilege of serving as President of the National Association of Federally Impacted Schools, I urge the committee to support reauthorization of P.L. 81-874 (impact aid) as vital and necessary for the welfare of the United States of America.

Chairman **Hawkins**. Thank you, Dr. Thomas.

The next witness is Dr. Buzzard, Superintendent, Santee School District.

Dr. **Buzzard**. Thank you, Chairman Hawkins. I appreciate the opportunity to give testimony regarding reauthorization of impact aid.

Recently I was listening to a tape with my daughter by the Alan Parsons Project. On it was a song that I thought was appropriate to the discussions regarding impact aid. I promise I won't sing it, but I will recite it to you, though.

> Money don't grow on a money tree; the more you take, leave less for me. Money don't buy what you really need, it make an ice man cry, it make a stone man bleed. But when you get right down to it, no matter who you are, it rules your life like a virgin queen.
>
> One day you might get over it, but in the meantime it rules the world like a green machine. In the bank, in a box, money talks. In the black, on the rocks, money talks. Money don't lose in the money game; it drags you down like a ball and chain. So money don't come with a guarantee; it make a fool of you, it make a fool of me. But when you get right down to it, no matter what you say, it ties you down but it can set you free. Someday you might get over it, but in the meantime it burns you up in the first degree.
>
> Moscow, Bangkok, money talk. Park Lane, Boardwalk, money talk. But when you get right down to it, no matter what you try, you deal the cards, give the wheel a spin. One day you might get over it, but everybody knows it's heads you lose and tails they win. Don't have too much to show for it, and that's the way it goes. You roll the dice and they cash you in. Pinball, jukebox, money talks. Redskins, White Sox, money talks. Billboard, cashbox, money talks.

I hope that we don't allow the distribution of funds to overshadow the importance of the reauthorization of impact aid. And I hope we don't lose sight of what impact aid is all about—that is, the education of children whose education cannot be financed through local resources because of a Federal presence or activity.

In the debate regarding impact aid, I was encouraged to set aside my provincial concerns to look at the big picture regarding impact aid, and to recognize that there are needs other than those of my school. I have tried to do that, but I must confess that I have not been entirely successful.

I would like to tell you a little bit about us, not because we deserve consideration above all others, but because we are representative of many impact aid recipients; that is, small, rural isolated districts serving Indian kids.

In the past 5 years the levels of impaction at Santee have ranged from 98.7 to 99.3 percent, depending upon whether or not Christie Barney lives with her mother in Salt Lake City or her father on taxable land in our district. During that same time, the percent of impact aid receipts to general fund receipts averaged 71 percent of our revenues received and the amount of funds received from taxation averaged 2.6 percent of receipts, which generated an average of $22,112 per year. Our assessed valuation averaged $1,279,148. From that it is clear that for districts like Santee impact aid is the heart and soul of the district's financial structure. Without impact aid, we will not survive. It's that simple.

There are those who question why small, rural, isolated districts serving a majority of Indian students should survive. I can only tell you that Indian reservations were not created by Indian people, nor did we create school districts. But they are a fact of life and the fact remains that these school districts have been more efficient and more proficient in providing an education to Indian children than when those students attended other types of schools.

At one time Santee sent their children to an off-reservation school in a neighboring community to attend high school. Over the years, few Indian children ever graduated or were part of the athletic teams or ever involved in drama or debate or other school activities. They were simply not part of the school—for whatever reasons. I think there has been enough studies done and enough information generated to indicate that there is a problem that occurs when minority children are placed into a district where their parents have little or no say.

During the hearings conducted by the National Association, which I was privileged to be a part of, it became clear that Indian communities were adamant about maintaining, within current law, the provisions requiring consultations with tribes. Tribes and parents view consultation as essential to the operations of the impact aid program and schools that serve their children.

How do we use impact aid funds? Five years ago Santee had no counselor, no music program, no art instruction, very little vocational instruction, and no business education program. The impact aid funding was an up and down proposition and there were some times when we were required to get special appropriations to keep our school doors open. In the past 5 years we have experienced some stability in our financial situation. We have added a counselor, we have added a music program—and I don't have the time to go into it, but I would encourage you to read my written testimony about a friend of mine named Mark Henry. That's why we think a band was important.

We have a business education program with computer literacy as a major part of the program. We now have an excellent art instruction program, and our kids have won best-of-show in many art contests within the last few years. We have done this without sacrificing academics. We have shown steady academic progress and we are making a good faith effort to educate children in our district and impact aid allows us to do that. Despite these modest gains, we have a great deal more to do.

I think it is important, at least briefly, to consider treaty obligations. The legal evidence and legislative history of Public Law 81-874 gives no indication that the inclusion of children residing on Indian lands be related to the satisfaction of treaty obligations to Indian tribes in payments under the impact aid program. However, payments with respect to entitlements bsed on children residing on Indian lands now constitute a major portion of payments under the program.

Payments under impact aid provide more funds for the education of Indian children than any other single Federal source, and perhaps more than any other source, be it State or local. The result is, intended or not, if the Federal Government is satisfying those obligations at all, a major part of that satisfaction is had under the impact aid program.

My ancestors and many of your ancestors were involved in a long, costly, bitter struggle. I have to tell you that my ancestors knew that it was a struggle they could not win. Tribal leaders talked about this invasion of light-skinned people that seemed to be coming forth like ants and that there was no end to them. There was an unlimited source of adversaries with amazing weapons and pieces of equipment that foretold defeat.

Yet they struggled. Why? Because of a sense of obligation, because of a sense of destiny and of the future. They struggled and died for a promise that their children would be educated, and that promise was given. One of the things my ancestors insisted upon in treaties with the United States was educational provisions. During the period of 1794 to 1968, more than 100 treaties were signed which contained educational provisions.

Over the history of the relationship between the United States and Indian tribes, education has been a major component of that relationship. Treaty obligations are not something to be taken lightly because these treaties were written in the blood of your ancestors and mine, an obligation that is almost taken that the United States would provide an education for Indian children. Like it or not, if those treaty obligations are being met at all, impact aid is the major source of revenue by which these treaty obligations are being met.

The message I want to leave with you is that impact aid is more than facts and figures. I know it is hard to concentrate on individual circumstances; yet, that is how the funds are used. They are used to try to provide a better standard of living for our students so that they can benefit personally and we can benefit as a society. I urge this committee to not only seek reauthorization of impact aid, but to fight for decent levels of funding for the program because the education of federally connected children is clearly an obligation of the Federal Government and just as clearly in their interest.

Thank you, Mr. Chairman.

[The prepared statement of Marvin Buzzard follows:]

TESTIMONY BEFORE

THE

SENATE SUBCOMMITTEE

ON ELEMENTARY, SECONDARY AND VOCATIONAL EDUCATION

REGARDING

REAUTHORIZATION OF P.L. 874

Presented by

Marvin Buzzard, Superintendent
Santee Public Schools

Chairman Hawkins and members of the Subcommittee on Elementary, Secondary and Vocational Education. I am Marvin Buzzard, Superintendent of the Santee Public Schools, located in Santee, Nebraska. I represent a school district that serves the Santee Sioux Indian Reservation. I would like to express my appreciation for being invited to give testimony regarding reauthorization of Public Law 874, Impact Aid.

In the discussions I've been involved with regarding the reauthorization of Impact Aid, and I've been a part of several, there doesn't seem to be a great deal of difficulty reaching consensus on changes being proposed in the law, except when it gets to the distribution of limited resources. There is less than half the money needed to fully fund the program. Political reality tells us that the program is not going to be fully funded. So the question is how to distribute the limited resources, assuming that Impact Aid is reauthorized.

Recently I was listening to a tape with my daughter by 'the Alan Parsons Project. On it was a song that I thought was particularly appropriate to the discussions regarding Impact Aid. The title of the song is Money Talks - "Money don't grow on a money tree - the more you take leave the less for me. Money don't buy what you really need, it make an ice man cry, it make a stone man bleed. But when you get right down to it, no matter who you are, it rules your life like a virgin queen. One day you might get over it, but in the meantime it rules the world like a green machine. In the bank, in a box, money talks. In the black, on the rocks, money talks, money talks. Money don't lose in the money game, it drags you down like a ball and chain. So money don't come with a guarantee. It make a fool of you, it make a fool of me. But when you get right down to it, no matter what you say, it ties you down but it can set you free. Soweday you might get over it but in the meantime it burns you up in the first degree. Moscow, Bangkok, money talk. Parklane, Boardwalk, money talk. But when you get right down to it, no matter what you try - you deal the cards, give the wheel a spin. One day you might get over it but everybody knows it's heads you lose and tails they win. Don't have too much to show for it and that's the way it goes, you roll the dice and they cash you in. Pinball, jukebox, money talks. Redskins, White Sox, money talks. Billboard, cashbox, money talks."

I'm concerned that we have allowed the distribution of funds to overshadow the importance of the reauthorization of Impact Aid. We have somehow lost sight of what Impact Aid is all about - that is the education of children whose education can not be financed through local sources because of a federal presence or activity. We've gotten so concerned about "the more you take leave less for me" that this "green machine" threatens to destroy the program.

I realize that a large part of the discussion concerning the reauthorization of Impact Aid necessarily revolves around the distribution of money because we all decry the fact that every year decisions have to be made about how to distribute the limited resources. I don't have the answer to that question. I'm here to talk about what the money says, what the money does for those children for whom you and I have assumed responsibility for their education.

In the debate regarding Impact Aid, I was encouraged to set aside my provincial concerns, to look at the 'big' picture regarding Impact Aid and to recognize that there are needs other than those of my school. I have tried to do that but must confess that I have not been entirely successful. As a result, I intend to speak briefly about our needs. Santee is a small, rural, isolated school district that serves a majority of Indian children. We are not unique in that respect. There are many districts like Santee. I'd like to tell you a little bit about us - not because we deserve consideration above all others, but because we are representative of many Impact Aid recipients.

In the past five years the levels of impaction at Santee have ranged from 98.7 to 99.3%, depending upon whether or not Brian Barney's sister is living with her father rather than her mother in Salt Lake City. The Barneys are a non-Indian family who live on taxable land. During that same time, the percent of impact aid receipts to general fund receipts averaged 71% of revenues received and our percent of federally-connected kids averaged in excess of 99%. The amount of funds received from taxation averaged 2.6% of receipts which generated an average of $22,112 per year. Our assessed valuation averaged $1,279,148 and our tax rate, which is not based upon mill levys in Nebraska, was well above state averages. We have, at that same time, experienced reductions in state aid. From that it is clear that for districts like Santee, Impact Aid is the heart and soul of the district's financial structure. Without Impact Aid we will not survive. It's that simple.

There are those who question why small, rural, isolated districts serving a majority of Indian students even exist. I can only tell you that Indian reservations were not created by Indian people nor did they create Indian school districts. But they're a fact of life and the fact remains that these school districts have been more effective and more proficient in providing an education to Indian children than when those Indian children attended other types of schools. At one time Santee sent their children to an off-reservation school in a neighboring community to attend high school. Over the years few Indian children ever graduated, or were part of the athletic teams, or were ever involved in drama or debate or plays. Few were ever officers, students council members - they simply were not a part of the school - for whatever reasons. There's been enough studies done - enough information generated to indicate that there is a problem that occurs when minority children are placed into a district where their parents have little or no say.

Local control of schools has been taken for granted in this country for years. However, because of the way in which Indian children were educated, local control is a fairly new phenomenon to many Indian communities. During the hearings conducted by the National Association of Federally Impacted Schools this past summer it became clear that Indian communities were adamant about maintaining current provisions within the law requiring consultation with tribes. Tribes and parents view consultation as essential to the operations of the Impact Aid program and schools that serve their children.

How are Impact Aid funds used? Five years ago, Santee had no counselor, no music program, no art instruction, very little in the way of vocational instruction and no business education program. Five years ago Impact Aid funds were an up and down proposition. There were years when Santee experienced cash flow problems to such an extent that special appropriations were necessary to keep the doors to the school open. Over the last five years, the financial situation of the district has stabilized. During that time, Santee has added a school counselor. Santee has added a music education program to such an extent that the band now numbers almost half the students in the high school and is recognized as one of the better bands in the area fielding a much larger band than schools significantly larger than us. The district has assumed responsibility for renting instruments. The economics of our community would, in most cases, prohibit students from being in the band if they were required to pay the rental fees for the instruments, so the district pays for them. We do so because we think it's important to have a band. Why? Well, for one, Mark Henry. Mark suffers from muscular dystrophy and has been confined to a wheelchair for a number of years. When I came, Mark was in the seventh grade. He wouldn't come to school - at least not very often - and when he came, he didn't work. I brought him in one day to talk to him about it and he said, "Look, there's nothing you can do to me, I don't care, I'm crippled, I'm going to die, so leave me alone." My response was. "Your body may be crippled but everything that I've read and seen says that your mind is very healthy and I'm not going to allow you to ignore your brain. You're going to come to school and you're going to do work." He said, "I'm not," and he didn't.

Mark came in toward the end of the summer after his seventh grade and I was shocked at the deterioration. I told my wife, "This boy is going to die." I visited with Mark to find out what would interest him in school. His reply was that we had a band and he wanted to be in it. I visited with the band teacher about Mark's request. She thought about it for awhile and we discussed it some more and I suggested he try the bass drum.

Before this was allowed I talked to his physical therapist who stated that that was not possible. I mentioned the bass drum and her reply was, "Maybe." The band room is up several steps on the stage. The physical therapist told me we'd have to move the band room which was not possible because we didn't have anyplace else to have band. Her reply was, "Well, Mark can't be in the band because he can't get up the steps."

We designed some portable ramps that the kids could put in place, pushed him up the ramp into the band room and he played the bass drum. Mark is now a junior and has gone to leadership camp the past two years. He's won Presidential and Governmental Awards for his efforts, is an honor roll student and not a week goes by that he doesn't talk about college and what he plans to do with his life. I don't know how long Mark's going to live, but I believe that the inclusion of a band program lengthened and added a great deal to his life.

We now have a business education program which has, as an integral part, computer literacy. We now have art instruction. Our kids have won best-of-show in several art contests within the past few years and Santee is now one of the first schools called when area schools have art exhibits. We've expanded our industrial arts offerings to include welding and small engine repair. We have made these additions without sacrificing academics. Our students have shown steady academic progress. We are making a good faith effort to educate children in our district and Impact Aid allows us to do that. Despite these modest gains, we have a great deal more to do.

I have never been one to believe that the purpose of schools was to entertain its patrons by having successful athletic teams. At the same time I believe activities are an important part of the development of students and can be a major contributor to community pride. When I came to Santee, it looked as if the girls' athletic program would not survive. Mainly because no one was willing to coach them. Putting my money where my mouth was, I coached the girls' team - much to their detriment I might add. At that time we were not part of an athletic conference apparently because we had not proven ourselves to area schools and so were not allowed in the conference - we are now, by the way. We had to play games where we could find them and one of the places we 'found' a game was in Omaha against a small, private school. Omaha is two hundred miles from Santee, so off we set in our 1963 Ford 38 passenger bus with I don't know how many miles on it. New regulations had been passed concerning safety which required all of the posts within the interior of the bus to be padded - so we did - with carpet remnants and duct tape. We looked for places to park on an incline so that we could start the bus in case the battery lost it's charge. We drove for 5 1/2 hours at about 45 miles an hour, got there, played the game and turned around and headed home, having to ask the kids to get out and push the bus when we left and when we stopped to eat a late supper. Returning to Santee, I made a solemn vow that that would be the last time I'd ever ride in that bus to Omaha or anywhere else and it would be the last time our kids would be asked to ride 5 1/2 hours in that hunk of junk play a game, and then turn around and drive back for 5 1/2 hours in that same hunk of junk. The Board was convinced that we had the resources available to purchase a new bus and the following summer one was. I remember driving the bus into Santee through the main street of town to the school. By the time I arrived, it was like the Pied Piper. There was this little entourage of kids on bike and on foot following the bus into the school parking lot. In a town like Santee things don't happen without people knowing about it. I remember getting off of the bus and the following exchange taking place "Who is that bus for?" "What does it say on the side of the bus?" "It says, Santee Warriors."

"Well, who are the Santee Warriors?" "We are." "You mean, we're going to get to ride on this bus?" "Don't you think that you deserve it?" You know, they had to think about it. They said yes, but they had to think about it.

Our school colors are gold and royal blue and our uniforms reflect them. For home games we wear gold with blue trim. Our boys were playing in a tournament and we were designated the home team. Our uniform colors had bled together to such an extent that the announcer stated to the audience "and wearing green and blue, the Santee Warriors." I remember the kids and parents looking at each other. The next year we had new uniforms. Did those uniforms make our kids better players? Did it add to their skills? Did it make them better shooters? Probably not. But that same team rose from a record of one or two wins per year to where this past year this team wound up rated fourth in the state. Did that success make our kids better students? Ask our teachers. Did it rub off in class - ask our parents. That's how our Impact Aid money is being used - it's being used to educate children - it's being used to try to instill in children a sense of pride, a sense of purpose.

During discussions regarding Impact Aid, I've been asked by my colleagues not to concentrate on treaty obligations. As you can see, I don't listen too well to my colleagues. I think it is important, at least briefly, to consider treaty obligations. The legal evidence and the legislative history of P.L. 874 gives no indication that the inclusion of children residing on Indian lands be related to the satisfaction of treaty obligations to Indian Tribes in payments under the Impact Aid program. However, payments with respect to entitlements based on children residing on Indian lands now constitute about 40% of the payments under the program. Payments under Impact Aid provide more funds for the education of Indian children than any other single Federal source, and perhaps more than any other source, be it state or local. The result is, intended or not, if the Federal government is satisfying those obligations at all, a major part of that satisfaction is had under the Impact Aid program. My ancestors and many of your ancestors were involved in a long, costly, lengthy struggle. And I have to tell you that my ancestors knew that it was a struggle that they could not win. Tribal leaders talked about this invasion of light-skinned people that seemed to be coming forth like ants and that there was no end to them. There was an unlimited source of adversaries with amazing weapons and pieces of equipment that foretold defeat. Yet they struggled on. Why? Because, of a sense of obligation. Because of a sense of destiny and of the future. They struggled and died for a promise that their children would be educated. And that promise was given. One of the things my ancestors insisted upon in treaties with the United States was educational provisions. Educational activities of the government contingent upon treaty agreements with tribes began with the treaty of December 2, 1794 with the Oniedas, Tuscarora and Stockbridge Nations. During the period of 1794 to 1868 more than one hundred treaties were signed which contained educational provisions.

Over the history of the relationship between the United States and Indian tribes, education has been a major component of that relationship. Treaty obligations are not something to be taken lightly because these treaties were written in the blood of your ancestors and mine and an obligation, a solemn oath, taken that the United States would provide an education for Indian children. Like it or not, if those treaty obligations are being met at all, Impact Aid is the major source of revenue by which these treaty obligations are being met.

The message I want to leave with you is that Impact Aid is more than facts and figures. I know it is hard to concentrate on individual circumstances, yet, that is how the funds are used. They're used to try to provide a better standard of living for our students so that they can benefit personally and we can benefit as a society. I urge this Committee to not only seek reauthorization of Impact Aid but to fight for decent levels of funding for the program because the education of federally connected children is clearly an obligation of the federal government and just as clearly in their interest.

Chairman **Hawkins**. Thank you, Dr. Buzard.

The next witness is Dr. John Hansen.

Mr. **Hansen**. Mr. Chairman and members of the committee, my name is John Hansen. I'm the President of the Bellevue Board of Education of Bellevue, NE. I represent a school district that serves the educational needs of military dependents of Offutt Air Force Base and the headquarters of the Strategic Air Command. Our school district provides the schooling for over 8,000 children, 65 percent of which are military dependents.

My main purpose today is to urge the reauthorization of impact aid, a program that is absolutely necessary for the survival of school districts like ours, and for the education of the half-million children of personnel in the uniformed services.

At this time I would like to turn this part over to Dr. Richard Triplett, our Superintendent, for more specifics in this matter.

[The prepared statement of John F. Hansen follows:]

Testimony Presented to House Committee on Education and Labor Pertaining to Reauthorization of P.L. 874, "Impact Aid"

by

John F. Hansen, President
Bellevue Board of Education
Bellevue, Nebraska

March 31, 1987

Mister Chairman and Members of the Committee,

I am John F. Hansen, President of the Bellevue Board of Education of Bellevue, Nebraska. I represent a school district that serves the educational needs of military dependents of Offutt Air Force Base and the headquarters of Strategic Air Command. Our school district provides the schooling for over 8,000 children, 65% of which are military dependents. Our community enjoys, I believe, an exceptionally strong tie between the military and civilian communities, and in the schools we consider ourselves one school community. Our military friends are world travellers, and they bring their experiences into our community and our classroom to enrich us all.

My main purpose is to urge the reauthorization of impact aid, a program that is absolutely necessary for the survival of school districts like ours and for the education of the half-million children of personnel in the uniformed services.

It has been pointed out by those who oppose impact aid legislation that a federal installation is an economic asset to the local community and that, therefore, local school districts can get along very well without federal dollars flowing into the community by means of impact aid. While it is undeniable that a military base has a positive effect on the larger community (that is, an entire metropolitan area or the state where the base is located), it is not necessarily true that a federal installation is an asset to the school district. In fact, it is usually a financial liability. Federal studies over the years have concluded, and I quote, "There is no evidence to support the contention that there are net fiscal benefits to local educational agencies arising from federal activities."

How can this be the case? Very simply, because local government is not permitted to tax federal land and because "exclusive jurisdiction" prevents local subdivisions of government from taxing private property located on that land. In our district, the base represents 18% of the land, but, if it were taxable, it would increase our tax base by 100%. For "A" students, those who live on the military installation, we are prohibited from taxing both the parents' workplace and place of residence. For "B" students, we are not allowed to tax the parents' place of employment. For both "A" and "B" students, we lose possible revenue if the parents exercise their rights under the Soldiers' and Sailors' Relief Act and choose to register autos, boats, and recreational vehicles in their home states.

Does the state of Nebraska benefit by the $1 billion generated by Offutt's total economic impact, including payroll, procurements, and construction? Absolutely. Does the school district of Bellevue benefit from Offutt? Certainly we enjoy immeasurable benefits, but they are not economic benefits. Payroll is not taxed by the school. If personnel shop on base, sales tax is not collected. The procurements and construction contracts let by Offutt will probably go to Omaha or Nebraska businesses, not to Bellevue contractors that are taxed to support our schools, because the city and school district of Bellevue are largely residential, with proportionately little industry and business. These are the reasons that I argue that the wider neighborhood profits from a federal installation, but the local school district does not.

I wish to address, briefly, the issue of the "B" student--that child whose parent works on base but the family lives off base. Before fiscal year 1982, payment for the "B" students was 50% of payment for an "A" student. The rationale was simply that we could tax the home of the student, but not the place where the parent was employed. Since 1982, however, the payment rate has been reduced to 16.6% of the "3A" rate. I urge you to consider the equity of the original intent of the law and to recognize that a payment for "B" students is absolutely necessary as an in-lieu-of tax reimbursement for the lost revenue that cannot be recovered in any other manner.

When impact aid is not received in the 2,600 school districts which are funded in the program, crises occur for the half-million military dependents who benefit from the program, and for the civilian youngsters who sit side-by-side with them in the same classroom across the nation. The most drastic measures taken by school districts--those of closing schools and terminating teachers' contracts--affect all children in the district, civilian and military alike. And the attempt by some districts to charge tuition of military parents is a hardship on the people who serve their country in the uniformed services. Bellevue experienced such a crisis in 1970, and we still recall the pain that resulted to our total community.

The solution is threefold: first, to reauthorize the program; second, to increase the financial support to provide full funding; and third, when allocations are insufficient to fulfill the obligation to fully fund all entitlements, to maintain priorities that assure first funding for districts with the greatest need.

At this time I would like the Superintendent of the Bellevue Public Schools, Dr. Richard L. Triplett, to refer you to our handouts and respond to any questions you may have with regard to our positions. Thank you for the opportunity to speak today on behalf of the reauthorization of impact aid.

Dr. TRIPLETT. Mr. Chairman and members of the committee, I am pleased to be here today to offer testimony on behalf of the impact aid program.

I am here today not only representing the Bellevue School District, but also here representing highly impacted school districts serving military installations.

We have been working for a little more than 18 months with 43 school districts across the United States, all of those districts serving military installations, and the tan document before you that we have entitled "Reauthorization of Impact Aid" is an outgrowth of the efforts of the highly impacted school districts serving military installations.

The superintendents that participated in that particular program are here today in the audience. I would like to point out that they have taken the time from their very busy schedules to be here to offer support for the program by their presence.

The document that I have referred to responds to many of the questions that you may have regarding the impact aid program. I will refer only to—there are nine enclosures and I will not go into each one of those. But Enclosure 8 sets forth a position paper for the highly federally impacted schools serving military installations, and Enclosure 9——

Mr. GOODLING. Excuse me. Did you say we should have these?

Dr. TRIPLETT. You should have that. It was provided as a part of our testimony. It's a document that looks like this [indicating]. I think we made it available to——

Chairman HAWKINS. Has it been distributed to the members of the committee?

Dr. TRIPLETT. It certainly should have been.

Mr. FORD. Is that the one called "Impact Aid Position Paper" by Dr. Robert Thomas?

Dr. TRIPLETT. No. It's entitled———

Chairman HAWKINS. Everyone seems to have it except members of the committee.

Dr. TRIPLETT. I think it would be an excellent idea to get those documents in the hands of the committee.

Chairman HAWKINS. Yes. Up here is where you expect to get the votes.

Dr. TRIPLETT. You bet, right. [Laughter.]

Chairman HAWKINS. Thank you very much. They are being distributed now and are being noted in the record. Thank you, Dr. Triplett.

Dr. TRIPLETT. I certainly don't want to go into detail in terms of each one of the enclosures, but I just wanted to make mention that in Enclosure 8 it does set forth the position paper of the highly federally impacted schools serving military installations. And Enclosure 9 contains the amendments that we feel are necessary to Public Law 81-874 in order to implement that position paper.

For purposes of clarification, I would like to address some of the issues that appear to be in common and were in agreement with the National Association of Federally Impacted Schools.

We agree that impact aid is an obligation of the Federal Government. It is certainly not a welfare program and it's not a subsidy. We also are in agreement that the bill should be fully funded. We are also in agreement with the National Association on recommendtions with respect to 3(d)(2)(B), which provides budget balancing for highly federally impacted districts.

We also agree that the local contribution rate for military 3(b) students should be increased to 50 percent of the 3(a) rate, which restores it back to the situation that existed in 1981.

Every national study of impact aid has confirmed the burden of militry 3(b) students, a fact that appears to us to be ignored by the President and by the Education Secretary in their recommendations to eliminate all (b) funds.

Finally, we are in agreement that Public Law 81-874 should not be used to justify reductions in State aid receipts until certain conditions are met, and we have set forth those conditions in the document that I made reference to.

Disagreements arise among the impact aid recipients within the impact aid community when funds are inadequate to fully fund all entitlements. As a result of need, we have always found it necessary to support a position that schools most highly dependent on impact aid should receive first priority of funds when funds are inadequate to fully fund the program. At the same time, we fully recognize that all districts submitting claims have legitimate needs which should be met by the Federal Government.

We will support the National Association's proposal on payments for 3(a)'s, as long as when funds are inadequate to fully funded tier payments are made first to the districts with most severe needs, up to the level allowed within that particular tier. This can be achieved by distributing funds based upon the percent of districts' impaction. This has been included in the National Association's proposal that is before you.

We also plan to continue to work with the National Association on 3(b) funding. We agree that we should, with respect to the Super B's, maintain the same distribution of funds that they received in 1987. It appears to us that that should be a stepping off point, a benchmark. We have come into agreement with the National Association that it should be approached in that manner. Yet to be worked out is whether that particular provision should be accomplished in pay one or pay two of their proposal.

Changes that are necessary to facilitate the implementation of section 6 are also contained in our proposal. These changes would allow the Department of Defense to respond, through section 6 arrangements, for special financial needs of military-impacted districts, when necessary, to avoid some of the major problems that school districts serving military installations have experienced over the last 15 years.

I urge this committee to advance the legislation which authorizes Public Law 874 with the proposed amendments, and I would like to take this opportunity to thank you for allowing me to summarize the position of the highly federally impacted districts. I, too, will make myself available for questions.

[The prepared statement of Richard L. Triplett follows:]

Testimony Presented to
House Committee on Education and Labor
Pertaining to
Reauthorization of P.L. 874, "Impact Aid"
by
Dr. Richard L. Triplett, Superintendent
Bellevue Public Schools
Bellevue, Nebraska

March 31, 1987

Members of the Committee,

I am Richard L. Triplett, Superintendent of the Bellevue Public Schools, located in Bellevue, Nebraska. My main purpose today is to encourage you to reauthorize Public Law 874 with a few technical amendments which will clarify and insure proper interpretation of certain sections of PL 874.

I would like to begin by referring you to the document forwarded to you earlier entitled, "Reauthorization of Impact Aid FY '89." The document contains the history of the impact aid program, federal studies that have been conducted, financial information, positions taken, and recommended legislative changes. It is organized into five major sections: "What is impact aid?" "Justification for impact aid," "What is the problem?" "Failure to solve the problem," and "What is the solution?"

In an attempt to keep my remarks short, I will not take you through the entire document. Instead, I would like to refer you to the position paper contained in Enclosure 8. This paper was developed by a representative group of highly impacted military school districts and is our attempt to offer solutions to inequities in the impact aid program. The first part of a solution, of course, is to reauthorize PL 874 for FY '89 and beyond. The second part of the solution is for Congress to increase the financial support of PL 874 to provide full funding for the entire program. And the third part of the solution is that when allocations are insufficient to fulfill the government's obligations to fully fund all entitlements, priorities must be maintained to assure that those school districts with the greatest need receive their entitlements first.

In addition, there are a few technical amendments to clarify and insure proper interpretation of certain sections of PL 874. The technical amendments merely clarify the position paper and address the areas of "Priority of Funding," "Local Contribution Rate," "State Aid/Public Law 874," "Military B," "3(d)2(B)," "Source of Funding," and "Section 6," all of which are contained in Enclosure 9 of the document before you.

All three areas of consideration in the impact aid program--reauthorization of the program, proposed technical changes, and the distribution formula--are equally important to the highly impacted military school districts.

Thank you for allowing the Bellevue Public Schools to represent the views of the highly impacted military school districts. I would be happy to address specific technical amendments we have proposed and answer any questions you may have.

Chairman **Hawkins**. Thank you.

The next witness will be Dr. Thomas Vincent.

Dr. **Vincent**. Thank you, Mr. Chairman, and members of the subcommittee.

One of the advantages of being down the line in terms of the testimony is I can "piggyback" and concur with much that the other members have mentioned today. I represent a school district in New Mexico. This district is the largest district in geographic size in the contiguous United States. In land mass, we are a little bit larger than the State of New Jersey. This presents some unique opportunities for us and some unique challenges. Within that school district 68 percent of the students qualify under the 874 aid; 65 percent of the students are Native American.

Rather than read the testimony, I will extrapolate a few points.

The first point is that we do support the reauthorization of impact aid. One of the areas that is becoming of vital concern to us is that the funding level and the authorization level differential that does occur creates unique problems for us in New Mexico. New Mexico is an equalization formula State. Therefore, the State does take 95 percent credit for the 874 funding.

This problem then occurs, that as the State works on its budget, it ends up in a sort of guessing game, not knowing what the actual funding level will be. In some cases, then, if they overestimate, and the actual funding that does come through to us causes the State to dip into its reserve fund to make up any difference that may occur, or, as has occurred, we may end up at the school level, during the school year, taking some type of cut after we felt that we had our funding in place.

In some cases, in our case, because of the number of Native American students, if we have additional funding that does occur, then at perhaps some point in the school year we find ourselves trying at this point to justify funding which was not initially appropriated in the budget. This makes, in some cases, some rather creative problems.

So, having said that we do support the reauthorization, I think that case has been well presented and I would like to make a point in three other areas.

Currently, the average daily attendance figure that is used we believe is not an accurate figure. We would suggest and recommend that, rather than an ADA, that the actual membership at some predetermined point in time be used for the actual funding. I believe the current level ADA is estimated at 90 percent. We would suggest, as we do in New Mexico, on the 40th day, for example, that is our membership that is turned in to the State for actual State operational funding. If some similar type of arrangement could be used, then the actual membership of students eligible for 874 would be used, rather than an arbitrary 90 percent ADA.

In the area of Indian special education, we find that the current system that may generate the funding up to two years highly restrictive in terms of the accountability. We feel that we may be, in the accounting area, vulnerable in this particular area because of the highly restrictive nature of the accountability system.

Just recently we found that we were approaching the time of the two years when we might need to have the fund revert back to the

Government, but we weren't sure and didn't know what the level of actual funding was. We had a very short timeframe—actually a matter of weeks—in which the funding level was established to determine how that funding would be spent. We believe that an earlier identification and a less restrictive accountability would allow us to better meet the needs of those students.

Another area that creates a problem for us is that, under the current funding—and we would urge a change here—is that any earnings on Federal funds that have been invested must be used in the capital improvement area. Now, while that money can be used successfully, we believe that we could better meet the needs of our Native American students if the restrictive nature of the capital improvement area could be removed and we would be allowed to use the earnings on investments to better meet the needs of students, regardless of the area.

I thank you and the members of the committee, Mr. Chairman, for the opportunity to testify today. I also would be happy to answer questions.

[The prepared statement of A. Thomas Vincent follows:]

TESTIMONY
HOUSE SUB COMMITTEE ON

ELEMENTARY, SECONDARY AND VOCATIONAL EDUCATION

TUESDAY, MARCH 31, 1987

A. THOMAS VINCENT, Ed. D.
ASSISTANT SUPERINTENDENT, SECONDARY EDUCATION
GALLUP MCKINLEY COUNTY PUBLIC SCHOOLS
GALLUP, NEW MEXICO

Imagine, if you will, that you are a school administrator in a district with a land mass the size of the entire state of New Jersey. In addition to the geographic problems inherent with such a district, what if sixty-eight percent of the students qualified for 874 assistance? Furthermore, what if:

1. Sixty-five percent of the students were Native American;
2. Fifteen percent were Hispanic; and'
3. The remaining twenty percent were classified as other?

Would these factors present a unique educational challenge? I believe we can agree that they certainly would.

I am here today representing the Gallup-McKinley County Public School district which in reality I have just described to you. In geographic size, it is the largest school district in the contiguous United States. The district has over 12,000 students and encompasses a large portion of the Navajo Indian Reservation. I also represent 40 other districts, almost fifty percent of New Mexico's total. In our state, over twelve percent of the 270,000 students qualify under impact aid and 38 million dollars are generated. Of this 38 million, the Gallup-McKinley County District accounts for approximately thirty-three percent or 12.5 million dollars.

I cannot speak directly for other states. However, it is reasonable to assume that their needs and concerns are similar to those of New Mexico educators for students.

At this point, it becomes apparent that a loss of or reduction in impact aid would be catastrophic to our state's funding and students' educational needs. For example, in our district next year, we must eliminate Chapter I remedial programs in our high schools. If the planned cuts continue, we will need to eliminate similar programs in our mid-schools. That would come when districts are facing challenges to provide an ever increasing higher quality of education and meet the unique needs of our student population.

In addition to a continuation of and need to upgrade funding, changes in the law governing methods of fund generation and management should be considered. Under the present structure, the government receives our state's eligible student enrollment and estimates that ninety percent of that number represents our average daily attendance (ADA). We are then funded on this new number. Even if the figure were accurate, costs continue when students are absent. We recommend that a funding be based on a system of specific day membership reporting by each state. In New Mexico, we report our fortieth day membership for state funding purposes . This method would replace the inaccurate ADA system currently in use.

In another area, earnings on federal funds investments can only be used for capital outlay. This restrictive use of funds does not always insure meeting the best needs of students. We recommend that the law be changed to remove this restriction.

A third recommendation deals with authorized vs actual federal funding. Since these do not match, the states with equalization formulas, such as New Mexico, play a guessing game. When New Mexico develops its educational budget, it must anticipate a certain amount of funding from impact aid. If the funding level is less than anticipated, the state must dip into its reserve fund or mandate cuts at the district level. New Mexico recommends that a system be established to insure that the authorized and expenditure levels be the same.

A final area of consideration deals with money for Indian special education students. This funding requires a totally separate restrictive expenditure and accountability system. Districts are concerned about vulnerability in this area. Under the current law, if the funding is not used in two years, it reverts back to the Federal Government. In actuality, it can take up to two years before the funding level is known at the district level. This means that the money must be expended in a short time frame. We urge that the districts only be required to show additional services to qualifying students and not, as is currently true, maintain a rigid accountability system. Further, the earlier in the time period the districts know their funding level, the better the planning for these expenditures.

While most of this testimony has dealt with funding and recommended changes in the law, it is critical that the needs of students be uppermost in our deliberations. After all, they are the ultimate beneficiaries of our combined efforts. I assure you that this has been my prime consideration as these recommendations were developed for presentation today.

Chairman HAWKINS. Thank you.

The next witness is Donald S. Bruno.

Mr. BRUNO. Mr. Chairman and members of this distinguished committee, I am Don Bruno and I'm Superintendent of the Newport News Public School System, a system with 27,000 pupils, 9,500 of them military A's and B's. I am the immediate past president of the National Association of Impacted Schools. That association represents some 800 districts of the 2,000 districts that are impact districts in this nation.

Today I am also representing the cities of Virginia Beach, Norfolk, Hampton, Chesapeake, Poquoson, and the counties of York, Fairfax, Loudoun, and Stafford. Some of those folks are here, Mr. Chairman, and they've been sitting a long time. I'm going to ask them if they will just stand up.

Last night we had a pretty exciting basketball game on television. It ended up with a one point win. For us who have worked in the impact aid program for some 30 years, we have had that same basketball game for 30 years, when we come down to the last minute and the last shot. Fortunately, we have had a Congress that has recognized that there has to be some fairness and equity in this program and have always been there to adjudicate the last shot.

I am particularly pleased that this committee is willing to look at the reauthorization of the program in a fair and equitable manner. That is much needed.

I don't think thre is any question that in the last five years this program has been just a little bit like old age. What doesn't hurt sometimes just doesn't work very well. The administration proposals for this program over the past 5 years represents a mindless travesty of tragedies that have left this program in shambles. I don't think any of us are proud of that.

When we heard Secretary Davenport's testimony here this morning, the proposals of this administration for the future of this program is really no more far-reaching or future-oriented than what we've had to listen to for the last 5 years, and I would suggest you reject them out of hand.

The constant adjustment of this program, with proration formulas by the Congress, has caused endless and serious ruptures in the impact aid group. We all know that. We come here this morning trying to figure a way out of that morass. But, more importantly, what has happened to the 2 million children that are involved in this program nation-wide? Marvin Buzzard, who represents an Indian nation, the folks who are in low-rent housing, we have had to carry the burden of this program on the backs of two million children, probably with programs that could have been much better. Your committee and the Congress now have the opportunity to bring a sense of realism and fairness to the program through this process.

I would like to touch on three major points—and I think this is what this is all about. One, we need a reauthorization that is consistent with the entitlements of the school divisions that have a reimbursement voucher to give to the Congress and to the nation. Our estimate for the next 5 years to fund this program that way would be $1.5 billion. If we don't get an authorization, then you do not give us the opportunity to work in the Congress to get the appropriation. Our current authorization level is $800 million.

Second, you must establish a guaranteed level of payment for A students of 100 percent. When that is done, all of the rest of this mindless debate will disappear. This program was built for the military A and the military B students. In 1981, we were getting 95 percent in a regular A district. Last year, my school district that has 35 percent impaction with military A's and B's, received 31 cents on the dollar for a military A kid and 8½ cents on the dollar for a military B kid. Quite frankly, if we continue that kind of funding in authorization, Congressman Ford is right, there will be no constituency for this program in the Congress.

I think this is a key point. We must have an adequate authorization level of $1.5 billion; we must have 100 percent funding for the A kids; we must have 50 percent of that A payment for the B youngster; and for a civilian B, which I think is a significant change from our position in the past, 25 percent for the civilian.

I would like to point out another thing that has come up just recently. We have the Navy and the Army and the Air Force going out and leasing apartment complexes now. In my community, they leased 300 apartments within the last six months. Those apartments, the Navy guarantees rental for 20 years. Wouldn't you like to be a developer in that kind of arrangement? The developer gets a low interest loan to build the apartments. This fall our school district will have 450 additional Navy personnel in those apartments, and they will come as far away from our community as 60 miles. Those kids will be B kids. We're a Super B district. We'll get $170 a child, while it costs $3,600 to educate them.

Yesterday I talked with Senator John Warner about this problem. You may not recall, but in 1981, when we got in trouble, Senators Warner, Tower, Stennis, and Sam Nunn had this money put into the Defense budget and then transferred to education. Senator Warner's advice to us is that maybe it's time to go to the courts.

I don't really believe that there is any willingness on the part of the Secretary of Defense to take this program. I sent out the tuition bills in 1981 to some 3,000 parents and said, "You're not coming to school." Superintendents at that time visited the Department of Defense and asked if they would take the program. Listen, friends; if they didn't want that program in 1981 and 1982, when they were awash in money, why would we think they would want to take it today?

Third, I do not believe that the section 6 schools ought to be rolled into the impact aid program. I think they ought to be left just where they are—for two reasons. There is not enough money in this program to handle them, and I think they also offer an escape hatch for those heavily military-impacted districts that just might have to resort to that kind of arrangement if impact aid moneys don't come in.

The "electronic preachers" today aren't very popular people. But Bob Shuller said—and I like this statement—"it's better to do something imperfectly than nothing flawlessly." I think that our group—Dick Triplett, the National Association—we are all in agreement that something must be done to fully fund this program, to resolve the differences that we have. I feel confident that this committee, through its stewardship, and just a sense of fairness, will bring back to our program what is so richly deserves—full funding, a decent authorization, and let us have a little more time in our districts, rather than to come to this "basketball game" every year to see if we can shoot the final basket.

Thank you.

[The prepared statement of Donald S. Bruno follows:]

THE SUBCOMMITTEE ON ELEMENTARY, SECONDARY, AND VOCATIONAL EDUCATION
Washington, D.C., Room B-346-C (Hearing Room 2175)

March 31, 1987

Statement of:

Donald S. Bruno, Superintendent, Newport News Public Schools, Virginia

Representing: The cities of Virginia Beach, Norfolk, Portsmouth, Hampton, Chesapeake, Newport News, Poquoson, and the counties of York, Fairfax, Loudoun, and Stafford. Individuals representing these districts are in the Hearing Room, and I would like for them to stand at this time.

Mr. Chairman, and Distinguished Members of the Subcommittee on Elementary, Secondary, and Vocational Education.

I address you this morning on the vital issue of reauthorization of the Impact Aid program. This committee's willingness to thoroughly examine this program, and reauthorize it in a manner that is equitable and fair to the thousands of school districts in this nation that must bear the burden of educating in excess of 2 million children in this great country is commendable.

It might be said that in the past five years that this **program has been hurt, and what doesn't hurt simply does not work.** The administration's proposals for this program represent a mindless travesty of strategies that have left the program in shambles. The lack of leadership by the Department of Education to ensure simple fairness in both the distribution of funds and adequate support for the program is without parallel. The constant adjustment of proration formulas by the Congress to divide up insufficient funds has caused endless debate and serious misunderstanding between the participants in the program and for those whom we must provide educational services -- our children.

It is no secret in this town that **only the will and determination of the Congress** to provide some degree of funding for the past five years has kept literally thousands of school districts from going into bankruptcy. Your committee and the Congress now have the opportunity to bring a sense of realism and fairness to the program through the reauthorization process.

It seems to me that the committee should examine the following points in great detail.

(1) Reauthorize the program at a level that is consistent with the entitlements of the school systems. This is a reimbursement program for services rendered. I would suggest that the reauthorization total be set at one and one-half billion dollars. I understand the deficit problem, but do not believe it can be solved at the expense of school systems that are required by state and federal mandates to provide services to limited tax paying citizens.

(2) Reestablish **a guaranteed level of payment for all "A" pupils (100%).** In our area of Virginia we have the Atlantic Fleet, the Tactical Air Command, the Transportation Corps, Coast Guard Training Facility, Naval Weapons Station, and a Naval Shipyard. There are some 77,978 "A" pupils for which school systems receive payments of 31¢ on the dollar and about 8½¢ on the dollar for "B" pupils. All "A" pupils across the nation should be paid at least 50% of the national per pupil expenditure. The simple fact of the matter is that the number of "A" and "B" pupils in our state exceeds the **total** number of all students in either South Dakota or North Dakota, and equals half of all the students in the state of Nebraska. **This is a key point in unraveling the mess created by the administration, and restoring unity to the Impact Aid districts.**

(3) Address the new strategy of the armed services leasing rental property for twenty years, guaranteeing the developer 100% rentals, and expecting the local community to pay the cost of educating the children that are placed in this housing. In our community, the Navy will have sailors working in a different city some 30 miles from the housing. These students will be classified as "B" pupils, and under current law we will receive about $170 per pupil, receive a property tax of approximately $405 per apartment, and be expected to provide educational services at a cost of $3,600. Pupils in leased navy housing should be classified as "A" pupils. **With the home porting of the fleet to new communities, this will become a significant problem in the next five years.**

(4) The transfer of Section Six Schools to the Impact Aid program should not be considered at this time. Since the students in these programs are currently housed on military bases, the transfer of the programs to local school divisions would create housing and instructional problems that the current program cannot address. This program should remain with DOD, and if they wish to contract with local school divisions for services, at prevailing rates, this option should be open.

During the past two years the National Association of Impact Schools took on the impossible task of developing a consensus on the distribution of funds if proration was necessary. I support the general concepts of this proposal, and the fact that we need to restate this program to what it is ...a reimbursement for services rendered. The work literally took thousands of hours to complete, and the dedicated effort of many administrators and school board members to develop a rational and workable reauthorization proposal. I have had the unpleasant task of ordering the closing of schools when impact funds were not forthcoming. I know the Department of Defense was not enthusiastic about taking over this program in the early eighties when they were awash with money. In fact, this viable program belongs in the Department of Education, and has greater support from the affected school districts than any other program in the Education Budget.

We feel confident that this committee will report out a reauthorization proposal that recommends a funding level consistent with the government's responsibility to pay its obligations to the school districts that have the awesome responsibility of preparing this nation's youth for the 21st century.

Thank you for permitting me to share these thoughts with you, and we have the utmost confidence that your support for quality education programs will cause your stewardship for this program to be stronger than ever.

Chairman **Hawkins**. Thank you, Mr. Bruno.

Dr. Davenport, you seem to be in strange company today. [Laughter.]

It would seem that there is widespread support for this reauthorization and that every major study that has been placed before this committee supports the impact aid B payments.

On what basis do you justify the recommendation that you have made to the committee?

Mr. **Davenport**. Well, if you look quickly at some of the studies, Mr. Chairman, you will see they are not all actually speaking to B students. They're talking about impact aid itself.

There has been, as you know, some analyses over the last few years, where every President and every administration has proposed the elimination of B students. Without a doubt, I think if we move away from the emotionalism and the rhetoric for a moment, that people living in the community paying taxes, owning property in the community, are the same as if someone moved into your district in Los Angeles who happened to work for General Motors or RCA, that there would be no additional burden on the taxpayers of the State of California or a burden on the taxpayers of Los Angeles. Those people are paying taxes.

Now, those people who are A's, as every administration has recommended, this is a Federal burden and that the Federal Government has an obligation to pay. When we throw around figures of $170 per student, you've got to add in that that impact aid does not pay the total costs of education. We know that. That was never the intent of Congress. You've got to add in your local contribution, you've got to add in your State contribution, and you then add in impact aid. That adds up to a lot more than $170, because every State has to pay student aid for every student that's enrolled in their State. Then the local taxpayer has an obligation, too, to provide assistance.

That is what we're talking about, moving away from the rhetoric, look optionally at the tax burden that is there, and we find in our analysis the only burden is for the A students. We have proposed a rational way of paying for the A students, so there is not this upswing where one year you're a super A, one student removes you from super A and you lose maybe 50 percent of your dollars. We propose in our tier approach that that would be in a gradual step removal down so that there would be a method to plan.

The B students are less than one-half of 1 percent of all the budgets of school districts across this country. I hope that's exactly the correct figure. If not, I will provide it for the record. That's close to it. So we look at that limited amount of funds, and then look at the funds we have to cover for the real students who are making a burden on the school districts, underneath A and 3(d)(2)(B). Those should be the legitimate use of dollars for the Federal Government.

Chairman **Hawkins**. Let me go to some of the defenders of the opposite point of view. Mr. Bruno, you were the last one.

Let me ask you whether or not the mere Federal presence in the areas that you cited, whether or not that presence is an economic benefit to the community which offsets the responsibility that is placed on those communities?

Mr. **Bruno**. Chairman Hawkins, in many cases it's an economic disaster. I would like to take issue with the Assistant Secretary's statement on B students and give you an illustration.

In the city of Portsmouth, Virginia there is a naval shipyard. That naval shipyard produces almost 6,000 B students. It incorporates a great portion of the land mass of the city of Portsmouth. The payback to the city of Norfolk, because that employer doesn't pay any taxes on that property, either, and personal property tax, they come up with a deficit.

Now, in our city, where we have a private ship company—the Newport News Shipbuilding & Drydock Co., we get a $5 million reimbursement from the shipyard.

Now, you take a look at the rationale behind the B student, the off-base B student, we lose several things. We lose the property tax payment, we lose the personal property tax payment, and the folks who are military B's go to the commissary and do not pay the 4½ percent State sales tax.

When I talked about the $170 payment, when this program was first put together, it was to take care of the local costs, which is generally, in our school district, 50 percent, which is about $900. So that local cost, we're getting $190 for that pupil.

I think in the B situation we have always misunderstood. Sure, that B person is going to pay some real estate property tax, but his employer of record, the Federal Government, is not paying any tax. We would much prefer to have General Electric in our area than Fort Eustis, from the school standpoint, to receive those kinds of taxes. So that's where we are.

I think the last study that was done by the Carter administration, the Presidential Commission review, points out very clearly, with the economic models that were built at that time, that it is not to the advantage of the school community to have that kind of activity without the Federal Government paying its reimbursement.

If you were building a B-1 bomber, and you built that bomber as North American Rockwell, and you finished your airplane and they said, "Here, we're going to give you 50 cents on the dollar", where would you be as a bomber builder? You'd be out of business. I'm saying, what's happening to us is we're being put out of business with this program.

Mr. **Davenport**. Mr. Chairman, I think, you know, that's what I was talking about, the difference between emotionalism and rhetoric. If I propose that you propose to close a military base, see what kind of congressional response you receive. It is an economic benefit to the community and we're arguing rhetoric when we start to argue it is not. Those people working in those shipyards are paying taxes, contributing to their community. There are military bases being sought all across this country because they do provide an economic impact. We're engaging in fantasy when we start talking about the military people and they're not providing an economic benefit where those bases are located.

If you don't believe that, you have the power, which I don't, to go ahead and propose closing some.

Mr. **Ford** [presiding]. Mr. Goodling.

Mr. **Goodling**. Thank you, Mr. Chairman. I have one comment and then one question.

I'm in a rather embarrassing position, because if I sit on the committee and argue for B payments, B payments in my district, of course, are going to my affluent school districts. My poor school districts, of course, don't have any B or A students. I say that simply because I don't care whether you send us any impact aid money for our B students, but please don't take New Cumberland Army Depot or Mechanicsburg Naval Depot away, because if you do that, then you've really impacted my district. It is one of the most affluent areas.

My question is, usually when we write legislation or we reauthorize legislation, we work to develop a consensus amongst the consumers. Developing a consensus is not easy. Many times we think we finally have reached one only to discover later that we didn't make it after all.

Is there a consensus? I haven't seen a proposal as yet. I thought I heard some conflicting comments this morning by some of you who are testifying. Is there a consensus, to prepare something to reauthorize? Then I may run into trouble, I get the impression, from maybe some of the others who are testifying. Is there a consensus out here?

Dr. **Shipley**. Mr. Goodling, my name is Tom Shipley, Executive Director of the National Association of Federally Impacted Schools.

The committee and the staff of the committee has received a proposal dated March 16, 1987, which has been gone over in great detail by all of the members of the executive board of the National Association, by the State chairmen of the National Association, and by the 40-some districts that Dr. Triplett mentioned earlier in his testimony.

As of yesterday evening, we were able to come to a consensus, and this proposal which you have has, in fact, been adopted with very few technical details yet to be ironed out. We have an 8:30 appointment tomorrow morning and we do not expect any problems at all in presenting the unified position and a unified paper to you. You have it.

Mr. **Goodling**. Any other comments?

Dr. **Triplett**. I would only comment that, as Dr. Shipley has stated the position, that as a representative of the 43 districts that he made reference to, we are in support of the National Association's positions, with a few modifications that we arrived at last evening.

Mr. **Goodling**. And those are the ones that are going to be worked out tomorrow morning at 8:30?

Dr. **Triplett**. That's correct.

Mr. **Goodling**. Thank you.

I have no other questions.

Mr. **Ford**. Mr. Davenport, let's see if we can capsulize what you're proposing on behalf of the administration for reauthorization.

You propose that super A's be fully funded, reauthorized and fully funded?

Mr. **Corwin**. We propose reauthorization for super A's, with 100 percent of entitlement.

Mr. **Ford**. What about A's that aren't super A's?

Mr. **Corwin**. Right now there is put forward in the last appropriation, there are three payment rates for A's. The problem that leaves you with is what economists call a "notch" effect, where if you lose a few kids, all of a sudden you lose a lot of money. We propose a five rate payment schedule, to make the decrease somewhat more gradual so that the districts don't have a hardship as a result of the rate schedule.

I can go on a little more.

Mr. **Ford**. Where do you start reducing it?

Mr. **Corwin**. For districts that have 20 to 34 percent A's, it would be 95 percent of entitlement; 15 to 19 percent A's, it would be 75 percent of entitlement; 10 to 14 percent would get 50 percent; and anybody under 10 percent would get a pro-rated share.

Mr. **Ford**. What about B's?

Mr. **Corwin**. We're not proposing the reauthorization of section 3(b).

Mr. **Ford**. No B's?

Mr. **Corwin**. No B's.

Mr. **Ford**. No super B's?

Mr. **Corwin**. No super B's.

Mr. **Ford**. I saw the statement that was submitted this morning, where you say on page 1:

> The administration firmly believes that the Federal Government has a clear responsibility to make A payments under section 3, in order to assist school districts that are directly affected by the presence of nontaxable Federal properties.

Is that really honest? You mean certain kinds of nontaxable Federal properties; you don't mean nontaxable Federal properties?

Mr. **Davenport**. Can you be a little bit more clear?

Mr. **Ford**. You mean nontaxable Federal properties that are military bases, don't you?

Mr. **Corwin**. No, sir.

Mr. **Davenport**. No.

Mr. **Ford**. And Indian reservations?

Mr. **Corwin**. Yes, sir, we continue to count Indian reservations nontaxable——

Mr. **Ford**. What other kinds of nontaxable Federal property are you taking into account that directly affects local school districts?

Dr. **Krueger**. Mr. Chairman, I think there is a cross here between the property and A students. In other words, the proposal of the administration is to fund A students on this formula, depending on the degree of impaction. But the statutory definition of Federal property includes any property that is owned by the Federal Government or leased and not subject to taxation. So whether that is Indian lands, an arsenal, a military installation, or Federal office building, all of these come within that definition—and an A student may relate to any of them.

Mr. **Ford**. On page 2:

> We continue to assert the principle that Federal financial assistance should not be provided for children who do not represent a significant burden to the school districts that educate them. The so-called B children do not represent such a burden and Federal payments on their behalf are not justified.

That's regardless of the number of B children that are thrust upon a school district by the Federal activity?

Mr. **Davenport**. Yes, sir.

Mr. **Ford**. So while with the A children you attempt to prioritize the responsibility by what you consider to be a mathematical impact on the school district, being the percentage of the total students in the district who are identified in category A, but with B's, no matter how much B impact there is, there is no Federal presence?

Mr. **Davenport**. Yes. I stated earlier, Mr. Chairman, there is about one-half of one percent of all the budgets across the country that represent funds received from the Federal Government on B students. Second, as I stated——

Mr. **Ford**. Are you talking in dollar amounts?

Mr. **Davenport**. The total dollar amount of B students that we pay out?

Mr. **Ford**. No. What is the one-half of 1 percent? Is that people or dollars or what?

Mr. **Davenport**. That's the dollar amount of their budget.

Mr. **Ford**. Why is that?

Mr. **Davenport**. That's how little the B students actually constitute the budget of the——

Mr. **Ford**. No, that's how little we're paying for B students. [Laughter and applause.]

Now, don't come in here and cut the money for a category and then use the money to show that that category doesn't exist any more. That's what you're arguing here and that's why these two sorts of contradictory public policy statements struck me here in your statement.

You're saying, as a matter of public policy, that assistance shouldn't be provided because these children don't provide a significant burden to the school districts that educate them?

Mr. **Davenport**. That's correct.

But as I said, Mr. Chairman—and again, we propose and Congress enacts, so I haven't really cut anything, and neither has the administration.

But let me go back and say——

Mr. **Ford**. Then you don't particularly care whether we pay any attention to your recommendation or not; is that what you're saying now?

Mr. **Davenport**. I hope—that's why I'm going to go on and hope that you——

Mr. **Ford**. What does your statement "we propose and Congress enacts" mean? That you hope we won't——

Mr. **Davenport**. That all of us together have actually implemented that, and the inference in your question was that we have done this by ourselves, the reduction of the B students. It is not. It is an act of Congress, which Congress, in their wisdom, and the President has signed into the law, that it is all of us together who have brought this to the situation we're talking about.

Mr. **Corwin**. I think our statement on whether or not the B's constitute a burden is taken from our understanding of what kind of a financial burden having a federally-connected B student in the district is, not a weighing of how many B students happen to be in a district or what the statutory entitlements of those B's happens to be.

Currently, one of the reasons that B's make up a very small portion of the budget for those districts is that most of them aren't military, so they generate a very small amount of money, particularly the low-rent housing children, as a result——

Mr. **Ford**. That's a C.

Mr. **Corwin**. Well, they're counted under——

Mr. **Ford**. No, you left them out all together.

Mr. **Corwin**. Tossed them out?

Mr. **Ford**. Last year the money was divided up, and 48.9 percent of the total pot went to military dependents. Now, I'm not sure whether that really means uniformed military or employees of the Defense Department. I assume, because of the way the statute is written, it is "employed on" and it is whether it's a civilian employee or a military employee. Then 34.7 of the remainder went to the Indian children, and then you've got 16.4 percent that went to so-called civilian employees' children. So you take the civilian employees' children and put them together with the military, since the Defense Department now has 51 percent of all civil service employees of the entire Federal Government, and you have 65 percent of the money going to one category of people to support one Department of the Government. And then 7.4 percent to low-rent public housing.

Do you have any question in your mind that the amount of low-rent public housing built by Federal funds in this country has not been a very significant factor in reducing the tax base, while providing a locus for children in school districts across this country?

Mr. **Corwin**. I think that question has been argued out in the literature without a very clear——

Mr. **Ford**. I'm not asking what the literature says. What do you think?

Mr. **Corwin**. Well, I think it's debatable, whether or not the Federal Government, by building low-rent housing, has created a significant burden for the municipalities. Generally, the poor persons who live in the low-rent housing were there and they weren't generating a lot of taxation anyway. The Federal Government came in and assisted the municipality——

Mr. **Ford**. What kind of housing do poor people live in that doesn't generate any taxation in a school district?

Mr. **Corwin**. What kind of housing? Well——

Mr. **Ford**. Do you know of any State that exempts poor people from paying property taxes?

Mr. **Corwin**. No. I don't think any State does that.

Mr. **Ford**. Well, how do you make a statement like you just made, that the people were there anyhow and they weren't generating much money, so building Government housing that pays no taxes doesn't constitute any burden?

Mr. **Corwin**. I think the people were there and I don't think the housing that they would live in otherwise was tax-exempt. But I don't think that the taxes that those people generate tends to be enormous, given the income levels of those individuals. I'm trying to——

Mr. FORD. Let me ask both of you gentlemen, do you know if any discussions have taken place within the administration about the fact—for several years you have said the same thing to us about impact—that the only children that the Government really has a responsibility for are those children who are in any particular school district because their parents live and work at military installations? Doesn't it therefore follow that, if that is a responsibility directly attributable to the maintenance of our national defense, to the military, that it should be considered like other expenses of the military?

Mr. CORWIN. There have been some discussions like that, but because our position has been to continue the three A program——

Mr. FORD. But what has been your position about shifting that responsibility from the budget that you're responsible for to the budget that somebody else is responsible for?

Mr. CORWIN. I was getting to that.

Because our position has been to continue three A, which includes not just military but all the persons living on Indian lands and other A's, although there aren't that many other A's, when we have had those discussions with Defense or with OMB, there has been a problem.

About 65 percent of the A children are connected with the military. The Defense Department probably isn't interested in running a program that mainly serves children on Indian land. So maybe you would turn that over to the Interior Department, and then you would still be left with about 5 percent of the kids who are neither military nor Indian lands, and they would have to go someplace else. So the problem we have run into is the administrative——

Mr. FORD. But that 5 percent you're just throwing over the side with your proposal.

Mr. CORWIN. No, we don't want to throw them over the side.

Mr. FORD. But you not only don't want to fund them; you want to deauthorize them.

Mr. CORWIN. Any persons counted as A's—military, Indian or other—we propose to continue funding. So we don't want to throw them over the side. We have to pick them up someplace. So we have run into an administrative question there of nobody really wants to splinter the program into three different agencies and we haven't gone anywhere with that proposal.

Mr. DAVENPORT. Mr. Chairman, I think there would also be a question if the district would actually be receiving more money under this program than another program that would separately just serve military kids alone.

Mr. FORD. Why would that be?

Mr. DAVENPORT. A district that serves just military kids by itself actually, if you look at some of the districts of analysis, you would find that their dollars are actually contributed to the general appropriation budget, and when you add in State and local funds and the Federal Government funds, they may at this point be receiving more than they would for the students by themselves, separate from their program.

Mr. FORD. Mr. Hansen.

Mr. HANSEN. Mr. Chairman, I would just like to make a comment. I'm the president of our board of education and education is not necessarily my business. But I am involved a lot with the chamber and also our local area in Bellevue, Nebraska.

I cannot understand how this gentleman says that there is no economic impact with B students. For instance, there are 24,000 cars in our district that are exempted under the Soldiers and Sailors Relief Act, where these people do not pay personal property tax, the military. That's $2.4 million. There is also I think in this booklet that Dr. Triplett has handed out on impact aid studies, there has been a series of studies on page 11 here that have cost Congress millions of dollars, probably, in making these studies, and every one of them says that the consensus appears that the impact of a Federal presence continues to impose an additional financial burden on local school districts.

I really feel that this B category is about as important, in many regards, as the A category. I don't understand how they can just say we're not going to authorize that. Because as we look at our budget, and I sit there in front of the general public when we're working on this, it is just impossible to continue our district and in the near future basic education will probably not exist in our area for the dependents of the military. We are a super B and a super A district and I just feel it's an obligation of the Federal Government to continue this program that was started back in 1950.

Mr. **Ford**. Well, I think I agree with you. But the dichotomy that they present here is that the administration is taking this strong position consistently that there is a recognizable responsibility to these A children, a Federal responsibility; that is not easy to come by and the administration said everything ought to be left to the State and local people to take care of. But having come to that conclusion, they persist in the idea that it ought to be taken away from the funds that are otherwise available within the constraints of the budget for education and not away from the funds that are otherwise available for Defense contractors. That's the big difference.

There hasn't been a suggestion—with all of this chest-patting here about the public need to support these children—there hasn't been one suggestion out of these people yet, and there isn't going to be from any of these people at the table, that we really go to a place where we're providing direct support for a particular kind of Government activity, and generally we don't provide that direct support at the expense of other programs.

Somebody mentioned that part of the impact money finds its way to handicapped and poor children. That would be expected, since this is really general aid when it gets to the district and it generally supports the whole infrastructure of the district that provides whatever programs are found to be present. And without that aid, there wouldn't be a place for us to have the title I and the handicapped programs.

But we are left here with absolutely no direction coming from the administration, because they are totally inconsistent and recognizing a public policy and then turning away from it. They want to wipe out disaster assistance, which isn't very much until we have another disaster—maybe there won't be one before January of 1989 and we'll get away with it.

Dr. **Krueger**. Mr. Chairman——

Mr. **Ford**. But the special provisions, they've got $10 million in here. What is that $10 million for?

Mr. **Corwin**. That's section 2.

Mr. **Ford**. What is that? Tell me about it.

Dr. **Krueger**. Section 2 is part of the impact aid program under 81-874, which compensates the school district for the loss of tax revenues due to the acquisition of land by the Federal Government and removal from the tax rolls. It has to constitute at least 10 percent of the assessed value of the districts and had to have been acquired since 1938. It has to have created a substantial and continuing burden.

This particular compensation is without regard to any students that may or may not be——

Mr. **Ford**. That's right. It's a payment in lieu of taxes, isn't it?

Dr. **Krueger**. Generally. There is also a need factor.

Mr. **Ford**. It has no recognition of whether there are, in fact, children there at all.

Dr. **Krueger**. That's right.

Mr. **Ford**. It can be a national forest with no kids?

Dr. **Krueger**. That's right.

I would like to just comment, Mr. Chairman——

Mr. **Ford**. But you suggest continuing to fund a program that may conceivably have no kids to educate and dropping all these other people. Now, how does that make sense from an education point of view? You're not now Mr. Miller at the Budget Bureau. You're here talking on behalf of education.

As the advocates for education, how do you justify asking for continued funding for a program that totally disregards the existence of school-age children, while suggesting defunding and deauthorization of programs that are packed with existing children?

Dr. **Krueger**. I think the administration's position has been one given that there are limited Federal resources of where the Federal responsibility should be focused. At the same time that we're arguing that the B child constitutes either no or at least a diminished burden—it's been a relatively small part of the budget—I think we're also in a situation where, because within a given fixed amount of money appropriated for impact aid, any money appropriated for B's results in a proration of all payments made for regular A students. So I think it is, as in most parts of impact aid, and from where I sit, we are trying to deal in an equitable fashion with the military community, the Indian community, the civilian community, the question of if you give to one you take from someone else. The question is within the kind of budget limits that we——

Mr. **Ford**. Doesn't it ever occur to you people over there that, when you get caught with this kind of an inconsistency, that you ought to be urging that just as the A's ought to be a Defense Department responsibility, if we're going to create national wildlife refuges and other things that will, because of the acres taken off the tax rolls, become a source of income, that there ought to be some other branch of Government paying for that and not the education programs under your budget? Don't any of you do anything to protect your budget against this kind of a raid? It is totally inconsistent to me.

Tell me one other program that we provide in your budget where we give people money without regard to whether or not children to be educated are involved.

Dr. **Krueger**. Mr. Chairman, I need to correct one thing that I should have spoken up earlier about. "A" students, A military students, or any military students, A or B, are children whose parents are on active duty in the uniformed services, so it does not include civilian workers who work on military installations. I think the question, strategically, you have, if you provide for military children to be funded from the Defense Department budget, is whether you will separate military, active duty, uniformed services children from civilian workers on military installations; and then, if you expect that the adjacent local education agency will operate this system, do you expect that DOD will put strings on those funds so that those moneys are, in fact, channeled only to those students?

I doubt if any superintendent here is going to operate two levels of school services in his community. He is going to average this out.

We now have, in terms of federally connected children in super A districts, many districts that receive State aid, as they are entitled to, for military or any other federally connected child, more money than they're spending on those children. It is actually a subsidy of nonfederally-connected children by Federal impact aid payments.

I think there are some very critical questions that need to be asked, as to how funds are not only allocated with respect to types of children, but actually what does this mean for the school district that enters into at least an implied contract with the Federal——

Mr. **Ford**. I have already taken too much time, but I want to ask any one of you to take a shot at this. Tell me what in the world is your policy on what the purpose of impact aid is. Is it to pay for the loss of acres from the tax rolls; is it to pay for children who present a burden to local school districts? Just what is it? Because you're saying two different things here to us.

Mr. **Corwin**. In 1950, when the Congress enacted the law, they had a dual purpose. Clearly, paying for the education of the federally impacted children is the major one. That is where almost all of the money goes. There is $10 or $20 million left that is paid on the basis of land taken out of taxation, only in districts that have a very heavy impact because of that land being taken.

It still strikes us as appropriate, in those limited instances. I think we do a pretty good job administering it. We haven't had discussions about moving into another agency. I suppose we could, but I don't see a problem with it where it is. I don't think you have anybody at the table who comes from a district that gets section 2 money and depends on that. I think if you did, they would concur that it should be reauthorized. I think Mr. Shipley and his organization concur with that.

If I can say one other thing, you mentioned earlier that we want to get rid of disaster assistance. We don't. We aren't asking for money for it this year because we have a significant carryover. We are anticipating that we will have about $15 million carrying over into 1988. The problem with budgeting for disaster assistance is you can't tell how many tornados and floods you're going to have each year. You budget for so many and maybe there aren't any, and then the next year there are twice as many as you expected. We expect that that $15 million will take care of our needs in 1988. If we need more, we have authority under the Act to borrow from other programs. So we don't see a need for additional budget authority for '88.

But, once again, we are in favor of reauthorizing section 7, the disaster assistance authority, and believe that is an appropriate Federal role.

Mr. FORD. Thank you very much.

Mr. Shipley, how does what they have had to say here about their priorities square with the agreement that your association has now reached amongst itself?

Dr. SHIPLEY. The representatives from the Department of Education?

Mr. FORD. Yes.

Dr. SHIPLEY. Of course, we don't agree at all, except in the initial point about full funding for the A's.

We have heard this morning a great deal, using the word again of "rhetoric", making a very simple and basic issue into a very complicated and emotional cause. It is really not. This is not a military program, nor an Indian program, nor a low-rent housing program. It is neither an A nor a B program, civilian or military. It is very simple: reimbursement to a local school district for the burden levied on it by the Federal Government, the inability to tax Federal properties.

We have in the proposals which we presented, and which has been agreed upon by the recipients, said some children are more burden than others. The A's, make up the local contribution rate; military B's, make up a portion of that; and civilian B's, even a smaller portion of that. We recognize immediately, and never intended to imply, that we were supposed to have the Federal Government pay for the cost of educating a child. Only that cost which we are unable to generate through taxing property owned by the Federal Government.

The conversation about the low-rent housing children is very disturbing because those are among the highest-cost children that we have. We have one of our major cities where 130,000 children are concentrated into one geographic area, in nontaxable Federal property, which would bring millions of dollars in tax revenue were it allowed to float to the tax roll. Even by a slum landlord's standard, he would still be paying taxes on that building.

Seventy-five to eighty percent of those people are already in single-parent families, many of whom are already on public assistance, and the rest are by our military personnel who are noncommissioned officers, who are living in low-rent housing. These are very high-cost children and we are sending them about $25 towards the $1,500 that we would generate were we allowed to tax the buildings that they live in.

So I'm sorry the gentleman used the word "rhetoric" because it is flowing both ways. We need lots of numbers based on the sheer impact of inability to generate taxes. That's what the program is about.

Mr. FORD. Thank you.

Mr. Kildee.

Mr. **Kildee**. Mr. Chairman, I apologize for running in and out. We had a markup this morning and another meeting in my office.

I have no questions. I just want to welcome again before this committee Dr. Larry Davenport, who has a rich and deep association with Flint, MI, my hometown, and I'm glad to have you here again, Larry.

Mr. **Davenport**. Thank you, Mr. Kildee. I am glad to be here.

If I may, Mr. Chairman, just one point of clarity, I think we must recognize that everyone who lives in low-income housing is not unemployed, that they are also working. I would hope that when we're talking about they're not contributing to the community, I don't know about everybody else, but I kind of resent that myself. There are low-income housing people, made up mostly of the working poor.

Mr. **Ford**. It didn't come from this side of the table. It came from that side.

Mr. **Davenport**. No, not from this side. We're not saying that here.

I think anyone who doesn't recognize that the vast majority of people who are low income are actually working poor, does a disservice, and that they are actually contributing to their community and are making a contribution.

Dr. **Thomas**. If I could just respond quickly, I don't think that's the issue. The issue is that they are at least able to make the contribution, tax-wise, to communities to support schools in the manner they need to be supported if we're going to, in fact, have quality education. The fact in the situation just described by Dr. Shipley, of 130,000 children in one city, in a relatively small area, recognizes the fact that we're not talking about whether or not they're decent, hard-working citizens. We're talking about the fact that they, for whatever reason, have burdens beyond what many people have, or are unable to support the system to the extent that schools need to be supported, and because of many of those circumstances, these children are high cost only in the fact that they are faced with a number of personal problems that are not left at home and carry over into the school, and they increase the supplemental budgets of school districts who need special teaching, special psychological services, special health service—and I could go on and on.

I think that that part of B students has been totally ignored this morning by the administration. We recognize the fact that there are some, what we would call B students, whose parents earn a good living on a military installation and return home to the white, picket fence, pay sizable taxes, and are major contributors. And because of that we have scaled down the formulas.

I think it is fair to say that, in no instance, the funding we have received in the past 3 years, whether it be for a military B or civilian B, has come close to meeting the actual cost of education. As a result, I know of many districts—mine included, where we have had to cut back on some of the quality we would like to offer all students to meet the needs of those that we aren't able to get a fair share of. So we're talking about strength of the Nation, we're talking about children, and we're talking about quality.

I appreciate Congressman Ford's inquiry into the B. He obviously has an understanding of the needs in the future of this Nation of meeting the needs of B students as well as A.

Mr. DAVENPORT. But, Mr. Chairman, almost every category that the superintendent referred to, one would be the Chapter 1 program for disadvantaged students, the migrant education program, programs for special education that we provide, programs for handicapped children. There is a whole for the vast problems he described of why you're funding B students. The Government already has a morass of a wide range of programs.

As you know, Mr. Chairman, we propose this year a $200 million increase in Chapter 1. I know you and Chairman Hawkins, Mr. Goodlings and others, are proposing a little bit more for Chapter 1. I think that recognizes that the vast array of Federal programs we have meets almost everything that he described there under B students.

Mr. FORD. Except that you haven't been listening to your Secretary. Your Secretary has repeatedly said before this committee that when measured against the total cost of operating the American public schools, the Federal contribution through all these programs you just ticked off has never been over 6¾ percent. It's now about 6 percent. So he says they're really not important because it's only 6 percent of the money. Except those programs are targeted to specific educational needs, you see, and this is the only program that the Federal Government has had in modern times that got away from the original, general support that was in Federal policy in the early days of this country——

Mr. DAVENPORT. Yes, Mr. Chairman, but I also was responding to that because the items that the superintendent named were all of those which are met by those programs. I was not saying that that was the only way that the Federal Government should contribute. But I was only pointing it out because every problem that he identified was served by one of those programs.

Mr. FORD. You're the Assistant Secretary for Elementary and Secondary Education.

Mr. DAVENPORT. Yes, sir.

Mr. FORD. Tell me one of those programs that reaches at least 50 percent of the eligible children.

Mr. DAVENPORT. Depending on which figures you use, I would say Chapter 1.

Mr. FORD. It's 50 percent of the children——

Mr. DAVENPORT. For disadvantaged students. Now, I said depending on which figures you use. I make that assumption by assuming, again, that all disadvantaged students are not in need of educational assistance, so you reduce that number off and I think you get down to where we would be 50 or 60 more percent that are being served.

Mr. CORWIN. The point Dr. Davenport makes is that there are— We agree that many children in low-income housing have special educational needs, and we agree there is a Federal role there to contribute to serving them. It is hard for a lot of people to think of those special needs as a federally created burden, so if there are many children there who have compensatory education needs or a special education need, we believe in those programs that we have for them.

Mr. **Ford**. Well, that's part of the problem we're having here, is that you're discussing this program as if it was one of the compensatory programs that is based on targeting to an educational need.

Incidentally, we have had the Library of Congress look at your data and they say no way do you get 50 percent of the children in title I, from your own data. It doesn't show that. And most of the other programs are far lesser percentages.

Mr. **Davenport**. We disagree with the way they went about trying to tackle——

Mr. **Ford**. Well, that's obvious in the budget that you send up here to us, where you ask for money.

Mr. **Davenport**. Yes, sir.

Mr. **Ford**. I understand you're not in a policymaking position, but presumably an Assistant Secretary is responsible for carrying out policy and through you I hope to find out what the policy was. I am left somewhat adrift because it is not at all clear to me that the Assistant Secretary understands the essential difference between the sort of general aid to a school district, generated by the presence of non-tax-generating children, and the specific needs of school children who generate a particular type of need. You have to separate them. They are wholly different concepts.

Mr. **Davenport**. I do, Mr. Chairman. What we were alluding to earlier, if we can go back a little bit earlier, when you're looking at the Federal contribution again to a local school district, a portion is made up—I'm talking in general now, and there are some exceptions to all these rules—it is made up of the local contribution of the local school district, what they can generate by taxing their local community; then it is made up of your State aid, if they're able to tax their local community, and then it's made up of the Federal share.

As Mr. Krueger alluded to earlier, when you add up those contributions, you will find out that across this country the Federal contribution is larger in most of those cases than what is being spent on the local school district on their regular student.

Mr. **Bruno**. No, no. I have to disagree with that.

Mr. **Davenport**. Bring out the facts.

Mr. **Bruno**. You know, there are 2,000 superintendents that would say to you—and I think the Chairman has hit this right on the head—they would say, if we had our choice between this program being fully funded and some of the other programs that are categorical in nature, we would go with this program, simply because it gives us the flexibility of meeting those needs. I think the Department takes a few isolated cases—and we admit there may be some overpayment, but I think that can be adjusted—and then paints that same picture for the whole nation.

We talked about B students. There are 1.7 million B students in this Nation, which represents almost 5 percent of the total school population. To just simply say there are just a few of those folks out there—you would have to be in the city of Norfolk when Owen Pickett was up here, when the fleet comes in, with 20,000 B's. people that turn over in a school division sometimes two or three times. In other words, the teacher with 30 students at the end of the year never sees the same 30 students.

Now, if that doesn't put a burden on a school district that goes beyond the regular burden, I don't know what would.

When we talk about school finance, the absolute perfect situation would be that the State would give you 50 percent of your contribution, and your locality would pay the other 50 percent. I submit to you that if the locality doesn't have any lands to tax, there is no way the locality can put up their 50 percent. So what we are faced with is for the Federal Government, as Tom Shipley has said, to pay their share of that taxation. That's what this is all about.

We have been to the Secretary of Education, we have been to OMB, we have asked for the opportunity for the Department of Education, Mr. Chairman, to become an advocate for this program. But I think the Department is restricted by the general philosophy of this administration, and then tries to make a case based on that philosophy. I don't think it's based on facts and figures.

We admit to you that there may be some isolated instance where what Mr. Davenport is saying occurs, where there might be some overpayments. But I think within the reauthorization process that there ought to be an opportunity to clean that up, and as an association, we have worked to do that.

Dr. VINCENT. Mr. Chairman——

Mr. DAVENPORT. I didn't say isolated case, Mr. Chairman. I said a majority of districts across this country. I won't repeat it again, but those are the facts. Nothing that the superintendent from Newport News mentioned refuted that.

Mr. FORD. Your Secretary told me a couple of years ago that you had 10,000 families that earned over $100,000 a year, whose kids were getting their college education paid for by the Federal Government—and I'm still waiting for the list. Maybe you could give me a list of what you say is a majority of school districts—what are we talking about, maybe 33,000? Could you maybe come up with 500 or 1,000 for us? Could you just come up with some basis for this statement you have made now three times on the record?

Mr. DAVENPORT. We can pull out some examples of this. We don't have——

Mr. FORD. Well, don't give us isolated cases because——

Mr. DAVENPORT. No, not isolated cases, but enough that would be——

Mr. FORD. Let's get a sample that shows that it might lead you toward the conclusion that it represents a majority.

Mr. DAVENPORT. Right. We can pull out a sample of that.

Dr. VINCENT. Mr. Chairman.

Mr. FORD. We have to get on with the other members who haven't had an opportunity to ask questions. You will have a chance during their time to respond.

Mr. Hayes.

Mr. HAYES. Thank you, Mr. Chairman, for having pity on us up here, for giving us an opportunity.

As you know, I come from Chicago and represent a district that is very poor. I think we have the largest number of federally funded public housing developments of any district in the whole United States, with the possible exception of one district in New

York. I certainly want to say to Dr. Shipley that you aren't just spinning rhetoric; you aptly described the situation as it exists in my district.

I will direct my questions to you, Dr. Davenport. They may be somewhat redundant. I had to go in and out of this hearing because of other responsibilities.

The administration's proposal to eliminate the B category is going to play havoc with my district. I would like to know, have you really looked at it and understand what impact it's going to have on students who categorically fall within the B group when it comes to impact aid?

Mr. DAVENPORT. Yes, we have, sir. We don't believe it will be a significant impact on the district.

Mr. HAYES. You don't believe it?

Mr. DAVENPORT. No, sir, and we have been stating that for——

Mr. HAYES. I would like to invite you out some time to visit some of the schools in my district who are in dire need of computers and have none.

Mr. DAVENPORT. They may be in need, but it is not because of the result of the B students. As you look at it, every administration since Eisenhower has been proposing to this Congress that the B's be eliminated, because every administration has found that there is not a significant burden for the B students to the school districts.

Mr. CORWIN. I would like to add a little bit to that.

Mr. HAYES. Go ahead.

Mr. CORWIN. Through the appropriations act of the last several years, the low-rent housing payments have been at 15 percent of entitlement. That is a very small amount per child. So our feeling there—and almost all, of course, of the low-rent housing payments are B payments. That is the basis for our feeling that the impact should not be so great.

We should also point out that we have requested a $200 million increase for Chapter 1. We put forward a reauthorization proposal which would redirect a significant portion of the funds from Chapter 1 into the poorest school districts, such as your own, to take up quite a bit of the slack, maybe more of it, that way, through a program that is directed at meeting the needs of those kids who have significant educational disadvantages.

Mr. DAVENPORT. Mr. Hayes, I would just point out that I spent a lot of my lifetime, as you know, in the greater north side—we used to call it the greater north side when I was growing up, which is now Old Town, and a lot of the other time over in greater south side. We never called the west side "greater". I don't quite know why, but it was always greater north and greater south. So I am familiar with the situation you describe there in Chicago.

Mr. HAYES. The Department of Education is proposing the reinstatement of the $5,000 minimum payment for determining eligible districts for impact aid. That was in effect from fiscal years 1982 to 1984. When the requirement was reinstituted, when it was instituted in 1982, an estimated 1,700 school districts became ineligible for impact aid.

How many districts would become ineligible for impact aid if the $5,000 minimum payment requirement is reinstated?

Mr. **Davenport**. Approximately about 700. The average payments to the districts, Mr. Hayes, are about $2,000.

Mr. **Hayes**. What would be the effects on various categories of impacted school districts if the money that would have gone to districts with less than the 5,000 minimum payment were redistributed to other eligible districts?

Mr. **Davenport**. We would have approximately $1.5 million to redistribute to other districts.

Mr. **Hayes**. How much?

Mr. **Davenport**. $1.5 million approximately.

Mr. **Hayes**. Has the Department of Education's contracted studies on heavily impacted districts and other impact aid funding by wealth of districts been completed, and if so, what were those results?

Mr. **Corwin**. For the past few years we had special case studies done of five heavily impacted districts. To summarize the results—maybe it would be more appropriate to put in a fairly detailed summary in the record.

The districts were Highland Falls, N.Y.; Bellevue, NE; Bourne, MA; Douglas, South Dakota; and Randolph Field, Texas.

Would you like me to run down that or put a description in the record?

Mr. **Hayes**. Put it into the record, I think. I don't want to take the time now.

How much time do you think it would take to run it down?

Mr. **Corwin**. Oh, 10 minutes or so. I don't know; 5 minutes or so.

Mr. **Hayes**. No, no.

Mr. **Corwin**. I would be happy to put it in the record.

Mr. **Hayes**. All right, put it into the record.

[Material retained in subcommittee files.]

Mr. **Hayes**. If I may, Mr. Chairman, I have three questions from my colleague who was unable to be here, Congressman Williams, to be directed toward Mr. Buzzard.

Regarding the distribution of the 75/25 percent excess, am I correct in understanding that your organization supports the distribution formula which would allow for those districts with the highest percentage of impaction to receive a higher amount of those excess funds than districts with lower percentages of impaction?

Dr. **Buzzard**. Yes. The distribution formula would take into account the degree to which the district was impacted in terms of percent of federally connected kids, yes, sir.

Mr. **Hayes**. Have you developed a formula for that kind of a distirbution?

Dr. **Buzzard**. I have not.

Mr. **Hayes**. Do you expect to?

Dr. **Buzzard**. I expect someone to. I don't know who that person would be.

That is one of the things I wanted to mention earlier, that I wanted to make sure was understood, and that is that we believe the percent of impaction is an important consideration when you're talking about schools that are heavily impacted. We did not have such a distribution formula developed.

Mr. **Hayes**. I would like to request, Mr. Chairman, that the subcommittee staff be instructed to work with the National Association of Impacted Schools in developing such a formula. My major concern is that there be a formula developed which ensures that excess funds distributed under the 75/25 percent formula you have proposed in your latest proposal be distributed in such a way as to ensure that those school districts with a high percentage of impaction have an equitable distribution of funds to address the fact that, in most cases, these districts have a small tax base upon which to draw funds.

Dr. BUZZARD. Thank you, Mr. Hayes. We appreciate that.

Mr. HAYES. Thank you, Mr. Chairman.

Dr. BUZZARD. I did have one comment to make, and that was when Congressman Goodling asked about unanimity, I might mention that we did participate in the National Association's task force, and with the kinds of stipulations that Congressman Hayes put in, we are very, I guess, comfortable with it from the standpoint that we recognize there is limited funds.

I would also say that those of us who serve Indian kids do not have the same confidence that the Department of Interior will take care of our kids as the Department of Defense may or others. So we are not at all enthusiastic about splitting the various constituents apart, because we don't have the same confidence in the Department of Interior that others may have in the Department of Defense.

Mr. FORD. There has been a substantial shift, has there not, over the last 20 years, from the percentage of Indian children attending public schools that are a part of the State public school system as opposed to the Interior reservation schools?

Dr. BUZZARD. Yes, sir. The Bureau of Indian Affairs has——

Mr. FORD. What is the proportion now of Indian children in the two types of schools?

Dr. BUZZARD. Congressman, I wouldn't have the exact figures on that. I don't know.

I will say that the Department of the Interior, through the Bureau of Indian Affairs, has attempted for many years to get out of the business of educating Indian kids and is continuing that effort.

For a number of years Indian kids were also educated in parochial schools. A number of those have also gone by the way as the economic situations have changed, so more and more Indian kids are being educated in the public schools. I think it is safe to say the vast majority are educated in public schools at this point in time.

Mr. DAVENPORT. Mr. Chairman, we think——

Mr. FORD. We think it's a ratio of about 2 to 1.

Dr. BUZZARD. Sir?

Mr. FORD. We think it's a ratio of about 2 to 1. Could you get something to help us? Interestingly, there are a number of people on this committee that are concerned about the education of the Indian children who have been left behind by all this talk of the other super A's and the rest of it. There aren't very many military bases represented on this committee, but there are a lot of supporters of the American Indians on the committee.

Dr. BUZZARD. Congressman, I will see what I can do to get that kind of information available to you.

Mr. **Davenport**. Mr. Chairman, it's 90 percent of the Indian students that are in public schools in the country.

Mr. **Ford**. Ninety percent.

Mr. **Davenport**. Yes, sir.

Mr. **Hayes**. Could I raise just one more question in reference to the B students and the B payments.

To what extent will the elimination—and I direct this to my good friend from Chicago—to what extent will the elimination of B payments reduce per pupil expenditures or require additional local funding in B districts? Have you made any determination of that?

Mr. **Davenport**. About one-half of 1 percent of the budgets of the districts is from B payments, so we don't believe it would be any sigificant adjustment of any budget across the country.

Mr. **Hayes**. Thank you, Mr. Chairman.

Mr. **Ford**. Mr. Richardson.

Mr. **Richardson**. Thank you, Mr. Chairman.

I am especially pleased that Dr. Vincent and Dr. Buzzard are here, because I have a heck of a time representing the largest Indian district in the whole country, getting my views and the views of the constituency across, especially as you said, to the Department of the Interior. They have a very interesting proposal, a BIA "swimmer" proposal, I'll call it kindly, and it literally decimates the program. And now with this impact aid proposal, I don't know if perhaps the Indian children aren't the most adversely affected. I think they are.

I would like to just ask Dr. Vincent a series of questions, and I know we're under the five minute rule. Dr. Vincent, I would like to ask you if you feel the present Federal funding meets the costs—that's question one. And question two is, Could you be more specific concerning the problems that exist when authorized and expended funds aren't the same?

In your testimony you also mentioned a rigid accountability system for some of the Indian special eduction programs. I would like to know what specifically do you mean by that.

Dr. **Vincent**. Yes, Congressman. There's about three or four questions in there, and if I miss one, I'm sure you'll remind me.

In the authorization, for example, in ours—and we do educate more Native American students in our particular district than any single school district in the United States, so we are particularly sensitive to that particulr question. What we have calculated under the present funding is that, for the students who live and the parents who are on the super A's, we would be generating approximately $1,500 per student. But yet the State authorizes approximately $2,100 per student. So what we're saying here is, in this case, the taxpayers of New Mexico are making up the difference in that cost factor. Dr. Davenport was talking about the districts where there is more money being generated. That is certainly not true in our situation.

Second, we were discussing the fact about percentages. In our particular district, and the relationship to the BIA private and contract schools that we have, our particular district is growing at the rate of about two to three percent a year, and in our determination of accountability of the students, the majority of those students are coming from BIA and contract schools. A few are coming from the private schools, but not many.

We anticipate, with the proposal that you mentioned, under the "swimmer" proposal, that this may generate a greater movement of students to our district next year, just out of the very fact that there is discussion about closing those schools—not closing, but turning them over to the tribal entities or to the public schools. So we do anticipate that we're going to have more students.

If the Federal contribution at this time is not supporting the education level, then the people in New Mexico and those districts who have Native American students certainly then are impacted even further in terms of the local funding source, or by the State. We, being an equalization State, fall into a rather unique category because of this, and we do not get the full benefit of that funding.

In the special ed area, Indian special education students, we really are compounded by three areas: We have the State funding for those students; we have the EHA Part B 94142, which is an accountability system; and then under this funding we have another very rigid accountability, and this is an area we feel particularly vulnerable in, or we could be vulnerable.

What happens is that we have students, where we have Native American students as well as other students, mostly Anglo or Hispanic students, in that Indian special ed program. The problem that we find is the very rigid accountability that we're held to in terms of, under the impact aid, of spending that money and being accountable for it only for those students who fall into that category. We believe that we would be better served and we could better serve the students in that system if the funding under the impact aid could be part of either the State funding, and take credit for that, or if in some way we could have a less rigid system of accountability and could merely show that we are actually serving those students over and above the other students and the other funding.

Mr. RICHARDSON. Is Dr. Shipley here? Dr. Shipley, I have looked at the new formula that I think you have proposed, and while I am sympathetic to your objectives and I think it's a good proposal, from what I understand—and this is very preliminary—my Native American population, my State, is not doing a heck of a lot better under your proposal than we were in the past.

Now, I don't have the numbers exactly, but maybe Dr. Vincent and Dr. Buzzard could comment on this. Under your formula, are these fears of mine unfounded, that you're going to also go after us, or am I just imagining that?

Dr. SHIPLEY. You're just imagining it. They are totally unfounded. The proposal allows for all of the categories, in a time when we are fully funded, to receive 100 percent of their entitlement. It says that, in view of the fact we probably will not be fully funded right away, we should pay over a period of three pay steps. What is does is, in pay step one, it ensures a hold-harmless, so that no one receives less than they are presently receiving. So if there is no additional money, the money is distributed in exactly the same way that it presently is. But, if there is any additional money, then it goes very directly to those heavily impacted districts, as opposed to those regular districts.

I think these gentlemen who have been in on the committee, the Indian communities have been represented. There were Indian superintendents on the committee, and they are here in the audience. I think they would respond to that, if you like. Perhaps Marvin would.

Mr. RICHARDSON. Dr. Vincent, you do it first, and then Buzzard, because you're my constituent. [Laughter.]

Dr. VINCENT. All right. Thank you.

Congressman, I have not had the opportunity to read the proposal, so I cannot directly comment in that area, so I may have to defer to Mr. Buzzard.

Dr. BUZZARD. Congressman, even though I'm not a New Mexico resident, I do believe I am a constituent of all you gentlemen because you certainly make decisions concerning us.

I share somewhat your concern, but one of the things that was part of the discussions—and there were lengthy discussions concerning this—was the fact that the political support for the program cannot continue if people are dropping off, getting pushed out of the boat, so to speak. So one of the discussions that took place was, if we're going to continue to try to provide at least some level of funding for folks like Dr. Bruno, then someone else was going to have to give us something. This proposal, I think, represents, I guess, the best that we feel we could do under the current situation with limited funding.

The intent is to protect us at current levels of funding. Of course, that does not take into account increases in costs. It does set aside 75/25 percent split if we go into pay two, and also with the questions that Congressman Hayes raised, it would also guarantee that the percent of impaction would be one of the factors used to determine how much money a district would be getting. So that while we may be taking a hit, it may not be the same hit as someone else.

Mr. RICHARDSON. The worry that I have, I have an area in the north where the children are educated through bilingual, where 40 percent of the district is Hispanic. The concern I have is that I want to make sure that the Federal impact quota is protected, that you're not depriving the flexibility for the State which is also interested in another heavily-impacted population, the Hispanic, that it is going to deprive that flexibility to the State. That is more of what I'm getting at.

Dr. SHIPLEY. There's no real response to it. You're absolutely correct. We had that same concern for the civilians, for the military, and for the Indian population. In a time of decreasing funds, it simply becomes impossible to address.

One of the things that we have been very concerned about is that the State of New Mexico and the other six States which are equalized are not doing anything to help us see that impact aid is, in fact, fully funded. And yet, when the money is gone, they, in fact, complain about it. So we need the support from your State as well as from you here in Washington, to help see that it's fully funded. That's the only answer to the problem.

Mr. RICHARDSON. Well, if we have further problems, I'm sure technical amendments can correct the formula, Mr. Chairman.

Mr. CORWIN. May I respond to something, Mr. Richardson?

Early on you stated that you had a fear that our proposal, the proposal of the administration, would most affect the Indians. Under the current impact aid statute, all persons living on Indian lands are treated as A's and, in fact, those persons receive sort of a surplus, an additional payment of 25 percent on top of the regular A payment. We don't intend to change either of those two things. So, in fact, our proposal to eliminate the B payments would have really virtually no impact on Indian children.

Another point on what Mr. Vincent said, about the special education payments, for children who receive special ed, there is a 50 percent increase. That is accompanied by some administrative requirements which predate 94-142, and they are somewhat different than 94-142. In our deliberations on our bill, it looked to us like it made sense to make them more consistent, to ease the administrative burden. We are happy to work with you on that.

Mr. **Richardson**. Would you like to conclude, because I think my 20 minutes are up.

Dr. **Vincent**. We would be very pleased to see any movement in that direction. We would urge in New Mexico, while we have all the talk about the funding and the level of funding and how important it is, that if some of the administrative function could be adjusted, it could ease. We talked about the ADA, for example, as well as the special ed. In some of these areas it's just a matter of movement in the law that would allow us to administer the funds much more easily.

Also we talked about the investment. The fact that earnings on investments of Federal moneys has to be used for our capital outlay creates a burden on us. It is a very difficult situation for us to use those funds to actually meet the needs of students. We think those movements could greatly ease the burden.

Mention was made earlier about the Chapter 1 and the categorical money for some of the students in New Mexico, for example, Hispanic and Native Americans. I can't speak for the whole State, but I can speak for our district. We have already, because of anticipated cuts and movement in the Chapter 1 area, eliminated programs in all of our high schools in order to preserve the programs at the mid-schools. If the anticipated cuts continue, which is the word we're getting now, then we will be eliminating our Chapter 1 remedial programs at the mid-school level the following year. So we are really being double-whammied.

Mr. **Davenport**. Mr. Chairman, there is nothing we're doing here in Washington, DC, that is responsible for that. I know we have requested an increase in Chapter 1 funds, so that is a problem out of our control, if he is being reduced in Chapter 1.

I would like to have Dr. Krueger respond.

Dr. **Krueger**. I think it needs to be on the record that the requirement in New Mexico, that interest earned on impact aid funds be used for capital outlays, is not a Federal requirement. It is a State requirement. States create coterminous districts; States create laws that call for deannexation if tax rates reach certain limits. A number of the problems that the gentleman has cited as being peculiar to their States are State-imposed. I think there is a responsibility for State legislatures to look at those issues and see whether they can't remedy some of the problems that they've created.

Mr. RICHARDSON. Thank you, Mr. Chairman.

Mr. FORD. Mr. Vincent, you said something a little while ago that piqued my curiosity. You said that you were an equalized district and that affects your impact aid money?

Dr. VINCENT. Well, it affects us at the district level, Mr. Chairman, in terms of being an equalized State. Then the State takes credit for 95 percent under the formula for that funding. That is what we're referring to there.

Mr. FORD. What's an equalized State?

Dr. VINCENT. It means the formula is generated at the State level that guarantees a funding level to the students throughout the State, that it restricts then the use of any local money for the operation or funding of the schools. For example, in the next fiscal budget in New Mexico next year, it just passed that the level of funding per student is set at $1,689 per student. Then there is some basis on which some students get 1.25 of that, while others will only get 0.5 or 0.75 of that.

In the equalized formula, then, it is not permissible, under the law for us—for example, in the Gallup district—to say we'll go out and raise two or three mils for local support, because immediately the State, if you do, takes essentially 95 percent of that local funding and applies it to the formula and redistributes that money throughout the State.

Mr. FORD. Then, in effect, the impact money that goes into New Mexico becomes a part of the State budget?

Dr. VINCENT. Yes, 95 percent.

Mr. FORD. When did we let them do that?

Dr. VINCENT. I defer to Dr. Davenport.

Dr. KRUEGER. Mr. Chairman, section 5(d)(2) of the impact aid statute, 81-874, gave the States that, that provided a high level of equalized support for students. There are certain complicated——

Mr. FORD. How many of them are there?

Dr. KRUEGER. There are seven at the moment. Michigan is one. Those States are allowed, by reason of their assuring that a certain level of support is available to every student in the State from equalized State or local funds, to reduce the State aid payment made to those districts in proportion to the level of equalization. So the impact aid payments remain the same. The general condition for receipt of any impact aid money is that an applicant district has to be treated by the State in the same manner it would be treated if it were not an applicant district, with the exception provided in 5(d)(2). So this is a provision in the impact aid statute in an attempt to try to, if a State is attempting to equalize the support for children throughout the State, for Federal impact aid payments not to disequalize that or create——

Mr. FORD. Well, how does a State establish that it's equalized? You said Michigan was one of them?

Dr. KRUEGER. Well, the State may——

Mr. FORD. We have no equalized State——

Dr. KRUEGER. Every State has a certain foundation program or level of State support. If that State aid is provided to all students across the State, that money is, in essence, equalized. It is equal for every student. If there are certain required levies that every district must make that generates a certain amount of revenue, that may also be equalization. So we look——

Mr. **Ford**. When you say equalization, you're saying that as long as the money comes out of the State pot, is distributed equally to all the school districts——

Dr. **Krueger**. Suppose, for example, in theory, that a State decided to fund the elementary and secondary education of all students at the same per capita level. It would be 100 percent equalized then. All students receive the same amount of money.

Mr. **Ford**. But that hasn't happened in my State.

Dr. **Krueger**. Well, some are approaching that.

Mr. **Ford**. It's not even close.

Dr. **Krueger**. Well, some States——

Mr. **Ford**. It's not even close within my congressional district.

Dr. **Krueger**. I didn't say Michigan, sir.

Mr. **Ford**. I thought you said it was one of the equalized States.

Dr. **Krueger**. It is one. Michigan provides——

Mr. **Ford**. Well, how do they qualify as an equalized State when Dearborn spends twice as much money as the State average for their kids?

Dr. **Krueger**. Well, the State education agency of Michigan certifies to us moneys which are provided from either State funds or required in a uniform fashion for LEA's to generate, and that surpasses the threshold established in the statute and the regulations.

Dr. **Shipley**. You can spend more, Mr. Ford. You just have to come up to a certain standard.

Mr. **Ford**. That one slipped by us here. That must have been a part of Gramm-Latta, wasn't it? [Laughter.]

Dr. **Krueger**. No. It dates back into the seventies.

Dr. **Vincent**. If I may, Mr. Chairman, it doesn't work exactly the same, for example, in New Mexico, and it needs some Federal attention in terms of the regular funding as versus the special education funding. In our district, for example, where the State takes credit for 95 percent, we get five percent, which is roughly $600,000 over and above the per pupil allocation.

In the special education area, the impact is different and the money that the State takes credit for is different. In that particular area, we are allowed to keep perhaps 30 percent more. So there is some discrepancy there that we think needs to be investigated.

We would like to see, of course, in our own particular area, because of the unique needs of our students, we would like to see us be permitted and encouraged by the Federal Government to keep a greater proportion of that funding.

Dr. **Krueger**. The point is that in every equalized State, in granting equalization authority, the statute specifically prohibits the State from offsetting its State aid from the amount of money that is received in terms of the 50-percent increment for handicapped children. That money is, in essence, categorical. It has to be used by the recipient for special programs and services benefiting handicapped children, and the State is precluded, again by statute and regulation, from reducing State aid for those funds.

Dr. SHIPLEY. Of course, this problem is recognized by the proposal, the National Association's reauthorization proposal, and has been addressed in that document.

Mr. FORD. How do you address it?

Dr. SHIPLEY. Well, we are hoping that the new legislation will say to the State that you may not consider any portion of the 25 percent Indian supplement, the 50 percent handicapped supplement, the 3(d)(2)(B), nor the section 2, as part of your equalization program; that those are specific moneys for specific problems, aimed at specific problems by the Congress of the United States, and should not be touched.

We are considering also whether or not to put in the five percent or any amount which would deal with administrative costs because it is the local school district that has to go through that unbearable survey of those cards and the application and that whole business, and they don't receive anything from that. But there has been some talk that it is not our place to tell the States the costs of administering the program, that that should be locally negotiated.

There are seven States, and, unfortunately, yours is one of the newest and one of the most cumbersome.

Mr. FORD. I am informed from my State department that if we eliminated it, they would not make much of a complaint about it.

Dr. SHIPLEY. It would be the best thing that could happen to you.

Dr. KRUEGER. I would point out, sir, that this is not something imposed on the States. Some States which could qualify for the 5(d)(2) equalization offset authority do not apply. A State department of education decides——

Mr. FORD. But you make the determination as to which States qualify, don't you?

Dr. KRUEGER. Against objective dollar figures provided by the States.

Mr. FORD. Would you submit for the committee a memorandum on the criteria you use for making that determination and how it was applied in the case of the seven States, with particular reference to what proportion of the money running a local school district comes from the State as opposed to local tax efforts?

Dr. KRUEGER. Yes, I would.

Mr. FORD. It surprises me, because even in my State, which is one of the better ones in many ways, it is never as much as 50 percent coming from the State government.

Dr. KRUEGER. Our procedures call for the SEA to request this authority. If we examine the data and find the States eligible, we are required and do notify every impact aid applicant. We have had——

Mr. FORD. That shouldn't have been hard in Michigan. You only have two.

Dr. KRUEGER. And those have contested Michigan's authority in both before an administrative law judge hearing and in the district court, and the litigation has been adverse to the claims of the one area of the Bark River school system.

Mr. FORD. Please give us a breakdown of the criteria that is used to determine that.

Dr. **Krueger**. When we notify the school districts, we provide that analysis to each applicant district. We would be glad to provide you with the notification we made to each of the States.

Mr. **Ford**. Thank you very much.

It appears we have a vote on the floor, so this is a good time to adjourn the hearing this morning.

Dr. **Shipley**. Thank you, Mr. Ford.

[Whereupon, at 12:10 p.m., the subcommittee was adjourned.]

[Additional material submitted for the record follows:]

THE NON COMMISSIONED OFFICERS ASSOCIATION OF THE UNITED STATES OF AMERICA

"STRENGTH IN UNITY"

STATEMENT OF

Sergeant Major C. A. (Mack) McKinney, USMC (Ret.)
Legislative Counsel

Submitted for the record to

SUBCOMMITTEE on ELEMENTARY, SECONDARY & VOCATIONAL EDUCATION
COMMITTEE on EDUCATION and LABOR
U.S. HOUSE of REPRESENTATIVES
100TH CONGRESS, FIRST SESSION

on

REAUTHORIZATION of IMPACT AID

March 31, 1987

NATIONAL CAPITAL OFFICE
219 N. Washington Street • Alexandria, VA 22314 • Tele (703) 549-0311

STATEMENT OF SGT. MAJOR C. A. (MACK) MCKINNEY, USMC (RET.)
LEGISLATIVE COUNSEL
NON COMMISSIONED OFFICERS ASSOCIATION OF THE USA (NCOA)

Mr. Chairman and Distinguished Members of the Subcommittee: The Non Commissioned Officers Association of the USA (NCOA) advocates the extension or reauthorization of Public Law 81-874, Section 3, for at least another three (3) years, or October 1, 1991.

Section 3 is commonly referred to as "Impact Aid". Its purpose, in part, is to provide funds for operating expenses payable to school districts for the cost of educating children who reside and/or have parents working on federal property or are in the uniformed services.

NCOA has much more than a casual interest in this program. Eighty-three (83) percent of its more-than-170,000 members are on active duty with the United States Armed Forces. Those with dependent children of school age are or will be influenced by impact aid funds. Most of all, they will be affected by the decision of this subcommittee whether to extend the legislation necessary to insure there will be no erosion in the future quality of education for their children.

NCOA's active interest in impact aid goes back to the Nixon Administration. When it withheld authorized and appropriated funds, a number of schools threatened to shut their doors to military children. One went so far as to turn them out when they had only a few weeks to go to graduate from high school.

NCOA protested to the White House and Members of Congress. Subsequently, the funds were released and distributed, thereby, saving the day for many concerned parental servicemembers and spouses.

In the last years, the Reagan Administration has made every attempt to reduce impact aid, going so far as to seek abolishment of Category B funds paid to school districts which educate children of parents working on federal property but residing in the civilian community. Again, Congress, to its credit, has ignored the Administration's request and funded the partial payments for both Categories A and B.

During these years, schools facing losses in funds either threatened to bill service families for tuition or close their doors to military children. The federal government has successfully sued some school districts, winning a decision that public schools must accept and educate military children residing within their district boundries. But, regardless of that ruling, no one can expect these school districts to expend local taxpayers' monies to educate children of service families who may add very little if anything to the local tax base.

Most military personnel are transient in nature. Their average stay in one locale is three (3) years. They will, for the most, utilize military facilities for their health and recreational activities, and for purchases of food, clothing and many household needs. Even those residing off-base, contrary to the Administration's opposing statement, use installation facilities to save on services and purchases.

There's no surprise here since most servicemembers are in the lower-enlisted grades, have had their pay increases capped every year for the past 5 years, and that pay is now some 9 percent behind comparable civilian wages. They need to utilize military-sponsored facilities in order to stretch budgets to fit their pocketbooks.

Congress, in 1951, recognized the need to provide financial assistance to local schools districts on which the presence of military personnel caused a strain on their budgets. That need, as far as can be determined by NCOA, has not diminished over the ensuing years. If anything the demand has increased as more and more servicemembers become parents of school-age children.

Regretfully, since 1969, funding of impact aid to assist in the education of more than half a million military children has fallen below program costs. Entitlements, therefore, have been prorated.

Although NCOA urges Congress to continue to authorize and appropriate the necessary funds to pay impact aid at the highest possible level, it is most important that the reauthorization of the program be adopted this year.

Perhaps, our summation is wrapped up in a 1985 House report on that year's education bill. It read in part: "School districts have been forced to attempt to charge tuition for military dependents, to borrow funds, to apply to the Department of Defense to take over the entire educational responsibility... and to watch the quality of education erode in their schools." As a result, the military cannot attract and retain quality personnel without the guarantee of free, quality education for their children. That guarantee, along with one more viable step to insure that this Nation enjoys the best defense posture in manpower readiness, comes in the impact aid program. Thus, NCOA strongly supports and urges the program's reauthorization.

Thank you.

-end-

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NATIONAL EDUCATION ASSOCIATION • [illegible] N.W. [illegible] • [illegible]
MARY HATWOOD FUTRELL, President
KEITH GEIGER, Vice President
ROXANNE E. BRADSHAW, Secretary-Treasurer

March 31, 1987

Honorable Augustus Hawkins, Chairman
House Education and Labor Committee
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

On behalf on the National Education Association, a national organization of 1.8 million education professionals and support personnel, I appreciate this opportunity to present to the Committee in written form the concerns of NEA relative to the reauthorization of the impact aid program.

NEA strongly supports the early reauthorization of this critical federal education program by the Congress. As you know, the purpose of the impact aid program since its inception over 30 years ago has been to offset the impact of federal activities and federally owned tax-exempt property in local school districts. This the program has effectively accomplished despite a chronic lack of adequate funding and repeated attempts to abolish it. Congress has rightly acted to protect the continued operation of this program which is so important to the operation of local school districts across the United States. We urge the Committee to continue to defend this program by reauthorizing and strengthening it.

It is important to be aware that impact aid is unique among federal programs. Impact aid represents the fulfillment of a federal financial responsibility to certain local school districts. Local districts with federal property within their boundaries are hampered in their ability to generate local revenue by the tax exempt nature of that federal property. Frequently, that same property provides an additional burden for the local school district by resulting in the presence of additional children of federal and federally connected workers. Under these circumstances, or any like situation where the presence of federal activity of federal tax-exempt property places an extra burden on local school districts, the federal government has a clear responsibility and a duty to fund the districts to offset the federal impact.

Unlike other federal education programs, where a funding cutback can mean fewer children being served by federal programs, cutbacks in impact aid funding can mean local districts having inadequate funds to even operate schools. Clearly, the federal government cannot--and must not--fail to live up to its fiscal responsibility to these impacted school districts. For that reason, the Committee should ensure that the reauthorization provides adequate funding for all categories of students in federally impacted school districts.

Unlike most other federal education programs, impact aid is not forward funded. There is often little advance notice to affected local districts of how much they can expect to receive in impact aid funding until Congress actually passes the appropriation measure for the year in question. It is not unusual for impact aid recipient districts to be forced to open for the school year without having received any impact aid payments for that year and with no indication of the amount of those payments and when they will arrive. This uncertain situation could be corrected if impact aid were to become a forward funded program as most other federal education programs are. NEA recommends that the Committee take this step in the reauthorization.

A special subgroup among impact aid recipient districts are those whose school district boundaries are exactly identical to the boundaries of the federal property. These "coterminous districts" number only six nationwide and are in an especially vulnerable situation because they have no local tax base whatsoever. These districts--totally dependent as they are on state aid and federal impact aid payments--have a special claim to full and adequate impact aid funding. I teach at such a coterminous district, the Lackland Independent School District, located on Lackland Air Force Base in San Antonio, Texas. At Lackland, federal impact aid payments have meant quality local education programs for all our students despite the fact that the district has no ability to generate local revenues. The last reauthorization of impact aid, P.L. 98-511, added a provision to the law to guarantee that these districts receive 100 percent of their impact aid entitlements. NEA urges that this language be retained in any reauthorization and asks that the Committee explore means to ensure that entitlement could not be reduced administratively.

In conclusion, NEA commends the Committee for its early action to reauthorize the impact aid program and pledges to work with members and staff to ensure that the reauthorization results in a strengthened and effective program.

I appreciate this opportunity to submit our views, and am available to answer questions from the Committee or supply whatever additional information you may require.

Sincerely,

Virginia A. Stacey

Virginia A. Stacey, Member
NEA Standing Committee on Legislation

NATIONAL MILITARY FAMILY ASSOCIATION

Addendum To Testimoney For The Record For

The House Education and Labor Committee

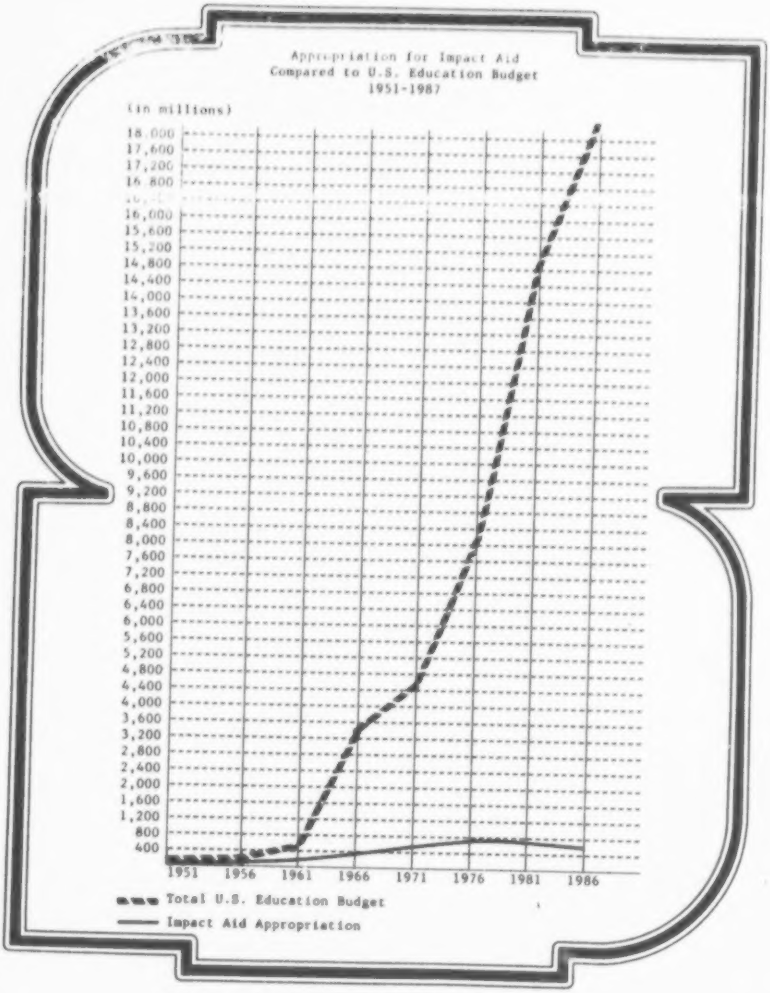
Subcommittee on Elementary, Secondary and Vocational Education

For the Hearing On

March 31, 1987

SUBJECT: Impact Aid

Not for Publication
Until Released by the
Subcommittee



SOURCE: MILITARY IMPACTED SCHOOLS ASSOCIATION, INC.

STATEMENT PREPARED FOR THE

THE HOUSE COMMITTEE ON EDUCATION AND LABOR

SUBCOMMITTEE ON ELEMENTARY, SECONDARY & VOCATIONAL EDUCATION

PERTAINING TO

REAUTHORIZATION OF PUBLIC LAW 874, "IMPACT AID"

BY

REPRESENTATIVE ALBERT G. BUSTAMANTE

23rd Congressional District

San Antonio, Texas

March 31, 1987

Mr. Chairman and Members of the Committee, I welcome the opportunity to submit this statement for the Record as you consider the reauthorization of Public Law 874, the 'Impact Aid' program. My name is Albert G. Bustamante, and I have the privilege of representing the 23rd Congressional District of Texas, which includes the southern portion of the City of San Antonio and outlying communities of south Bexar County.

My district is host to Randolph Independent School District and part of Lackland Independent School District. It is on their behalf and on behalf of the students, familiies and staff these institutions serve that I submit this statement supporting the reauthorization of this important program.

We in the State of Texas have a number of federally impacted school districts: some of which are coterminous with the military installations they serve (that is, the school district and military base are as one; they share the same boundaries and they are not taxable), some of our school districts are lightly impacted with military dependents, and some heavily impacted. The point is that most of the impact aid is cuased by military impaction, and the education of military dependents is a function and obligation of the federal government.

My purpose today is to request that this Committee approve the reauthorization of Public Law 874. The federal government has an obligation to assist these districts in making up the revenue lost as a result of the type of community they serve. Because there are school districts coterminous with military installations, such as Lackland and Randolph, these districts essentially have no taxable base available for financing an adequate education for federally-connected dependents.

Numerous federal studies have been commissioned which attest to the federal government's continuing obligation to provide direct support under the Impact Aid program. However, a recent report commissioned by the Department of Education, for whatever reason, analyzed highly impacted school districts, one of which is located in my congressional district. The "Palavin Report" was an example of a poorly researched and reported study that distorts the justification of providing adequate funding to highly impacted schools. This study seems out of place, particularly when you recall the numerious other government studies which reached just the opposite conclusion. To say that school districts spend too much shows a true lack of understanding of the uniqueness of military impacted school districts such as the ones I represent.

Heavily impacted school districts, like Randolph and Lackland, have extremely mobile student populations which necessitates a great deal of testing, placement, individualization, and remediation -- all of which add to program costs. Also, factors such as age, qualifications, and experience of staff cause salaries to be higher than an a typical school district. In many small, highly impacted military bases, the schools are called upon to offer a wide variety of programs from remediation to advanced placement courses -- which, again, contribute to the cost associated with operating a school district.

As the Representative for the military dependents of these school districts, we should not be seeking mediocrity in education, but rather we should be striving to provide the best program possible to meet the needs of our young people. Every dollar allocated to this segment of the school population represents an investment in the country's future economic preparedness and military security. According to the Department of Defense, the branch services receive approximately 50 percent of their enlistments from the ranks of military dependents. Therefore, impact aid is essential in order for impacted school districts to meet the special needs of their students and to advance the nation's economic and military well being.

Currently, the impact aid provisions allow special consideration for those districts which are 50 percent or more impacted with 'A' plus 'B' students, the 'A' students being those who live on base and the 'B' students those who do not. Section 3d2B of the impact aid law was written in order to serve the unique needs of districts whose combined impact leads to higher percentages of total student enrollment and total district cost. Approximately, 1,300 impacted district qualify for special consideration under Section 3d2B. Reauthorization language should keep this special provision and improve it.

Specific problems exist that have plagued school districts as a result of changed rules and regulations governing impact aid. In the past, federally impacted schools were permitted to establish comparability of the "local contribution rate" (LCR) based upon comparison to the fiscal data and other statistics of _five_ "comparable" schools. Now, the school districts are required to establish comparability of LCR based upon a comparison to _ten_ other districts. Impacted schools are, by their nature, out of the ordinary. In some cases it is virtually impossible to find five schools in the entire nation that would match that applicant district in financial data and statistics. Yet, the districts are required to cite ten comparable districts in their home state. This change causes an extended hardship for impacted school districts and an even further hardship for unique coterminous schools districts, of which there are only seven in the United States, and the San Antonio area is host to three -- Randolph and Lackland, which I have mentioned, and Fort Sam Houston.

Another area that has caused problems for impacted school districts is the rule change governing cash position. The new Department of Education rule which includes cash position as "cash on hand" when considering qualifications for Section 3d2B makes the financial management of military impacted school districts nearly impossible. This rule, which I believe was intended to deal with cash-flow problems, actually reduces impact aid allocations for school districts next year. I would suggest, in the absence of any state law limiting cash position, that a 25 percent limit be placed on cash position. In addition, under the current authorization legislation, the Department of Education is to make a payment of 75% of school districts entitlement within 30 days after the beginning of the federal fiscal year in order to prevent cash-flow problems and the education of our children from being disrupted. However, this provision is not always abided by and causes problems for the local school districts.

Another problem associated with heavily impacted school districts is the caps placed on the local contribution rate. These caps, which have been static since 1985, result in a lesser than actual relationship between actual costs and funding. Now, the 1987 appropriations for 3A payments for districts 20 percent or more impacted is capped at 105 percent of the 1986 payments per pupil -- which again places artificial lids upon actually-needed funds. Any authorization or future appropriation should not continue to place these artifical caps, ceilings or freezes upon local school districts.

In sum, Mr. Chairman, I would like to remind you that I represent highly impacted military school districts and the reauthorization of impact aid is crucial to their survival. Along with reauthorization, I support legislative changes to deal with cash position, 3d2B, and Section 6. I would further urge the Committee not to accept or embrace any formula that redistributes impact aid dollars away from highly impacted school districts to lesser impacted school districts, or provides less funding than school districts are entitled to at the present time.

Thank you for your fair consideration of these suggestions, and for the opportunity to submit this statement.

John R. Lopez

ILLITERACY ISSUES AND CONCERNS
on
Special Education for Deaf Adults
House Subcommittee on Education and Labor

Before proceeding, I would like to set the tone for this paper with a general frame of reference quotation:

"No man is an island, entire of itself; every man is a piece of the continent, a part of the main."

These lines from The Fifth Meditation of John Donne underline and emphasize the common bond which unites all people in their shared humanity. It implies further that a basic drive in individual behavior is the desire to share thoughts and feelings via communication with others.

For the average and even ordinary American citizen with normal hearing, the above can be taken almost for granted. However, invisible within the mainstream of America, are an estimated 24.2 million Americans with hearing impairments of some degree, 2.4 million of them being profoundly deaf (estimates based on current national census figures and on the theory that every tenth person has some degree of hearing loss and that one tenth of this figure have profound hearing losses).

The most serious impact that hearing loss can have on people, though it varies from individual to individual depending on various factors, is that it separates people from people and impedes them from devleoping into their fullest potential. This prevents many of them from leading self-sufficient and independent livelihoods. In other words, it restricts them into "an invisible island entire of themselves."

Consequently, let me offer you an analogy on the "State of Deaf America" today by quoting the "Four Horsemen of Despair":

1) Illiteracy -- It was not surprising when testimony by Dr. William Castle, President of the National Technical Institute of the Deaf revealed research statistics before the Subcommittee on Education and Labor that 30% (vs 13% of our general population - 1982 Census Bureau Study) of Deaf Americans are illiterate. Conventional and functional illiteracy figures among Deaf Americans appeared to be much higher, however, in view of current studies by the Gallaudet Research Institute which show that by age 18, only 1 in 10 deaf children can read on the 8th grade level. Thus, in addition to many of us being isolated from the mainstream, our language barrier becomes a barricade that constrains us from the visions of our constitution. Simply stated, illiteracy among Deaf Americans can best be categoriaed as having reached "a state of national catastrophe".

2) Poverty -- With our education for the Deaf programs oriented toward the "elite college bound" and concentrated in the East Coast, one can understand that a great many of our high school graduates are left to pursue mediocre careers or to get lost within our education and social services systems, which blanket our poverty status from becoming a national scandal. Furthermore, many of our post-secondary programs do a "good job" on preparing their students for "the deaf community" and not for mainstream America. Let me cite an analysis of my theory of how stagnation and systematic failures of our education of the deaf affects our Deaf America labor force which is at present concentrated in the fastest declining occupations:

The medium ('86) starting salaries for general population high school graduates is $15,789. This figure contrasts with current research at the National Technical Institute for the Deaf which reveals that for the typical deaf person, ten years following graduation from high school, the median salary is $143.00 a week or $7,436 per annum. For the typical ('86) deaf college graduate, the median salary is $305.75 a week or $15,900 a year. It thus comes as no surprise to us that so many Deaf Americans option for welfare to get lost within our welfare system following graduation from high school. This is everybody's problem as this trend is eroding our tax base.

3) Unemployment -- Studies show that 50-80% of Deaf Americans are either under or unemployed. (Lou Harris

Associates study conducted for the International Center for the Disabled in New York). For the average Deaf American, the future appears ever grim for studies show that by the year 2000, if Johnny cannot read --NO JOB! This conclusion is based on Bureau of Labor Statistics which projects that, of the 16 million jobs that will be created between the years 1984-1995, nine out of ten jobs will be communications-oriented and/or in the services section. Thus, with lack of transferable skills, the Deaf American labor force will be with no where to go without the prerequisite language skills needed to fit and meet our future labor market needs. Our situation can be best summed by quoting Representative Steve Bartlett in introducing the Employment Opportunities for Disabled Americans Bill in Congress in March 1986, "Laws are skewed to keep people unemployed and social services haven't caught up with technology."

4) Inner city decline -- To offer an analogy of this as it applies to Deaf American is to state that there is great social and economic diversity, and thus political diversity among Deaf Americans today. Internal disunity is thus a most serious socioeconomic danger facing deaf people. Because of this, Deaf Americans need to close ranks before they can enter an open society and form a strong political consensus in Congress. As a result, we lack effective representation in Congress and are not included within the visions of our Constitution. What we have are "quick fix" patch-up programs. We are playing "catch-up", there isn't even a

societal consensus on what to do with us.

Where do we go from here? More research will not yield much that we don't already know. Second, there are too many Willy Lomans peddling unsolvable notions about us Deaf Americans in Congress.

Therefore, my theory is that, trying to renovate or rejuvenate the system without reforming it will not resolve our current issues and concerns. I know personally that the system is not capable of self-correction. We Deaf Americans are becoming obsolete at the expense of taxpayers in this rapidly changing world. We Deaf Americans have peculiar interests that can best be taken care of by ourselves. Congress should give us the information and let us take control of our own lives, become producers of our own destinies, and be our own spokespersons.

Senator Ted Kennedy is quoted in the New York Times as saying, "I shall not hesitate to recommend new programs that are needed, and I shall not hesitate to recommend the elimination of old programs that have failed." This, along with Representative Steve Bartlett's earlier statement in this paper offers us Deaf Americans a yardstick by which to measure Congress' empathy toward illiteracy in Deaf America as a national issue or whether Congress is merely keeping up with the trend to substitute public relations for real efforts to meet or measure our needs.

Current educational programs for the deaf are a paradox. Illiteracy is strongly correlated with schooling and reported

English speaking ability. Though schools appear to play only a minor part in the acquisition of knowledge, education plays a domineering role in the lives of typical Deaf Americans. Most, if not all, of our teaching preparation programs seem to be inadequate to meet our needs. It is only the rare gifted teacher who does it all, and often not because of anything he or she learned in a school or department of education.

One does not need research to substantiate my theory. There is overwhelming evidence that serious and pervasive deficiencies persist in our schools. One can not understand this unless we see it from the inside out. Education of the deaf institutions are a last bastion of an old guard who is trying to prevent us from looking inside from outside and who are trying to discourage our increasing inflirtation with mainsteamed ideas. Many of our programs have lost their quest for excellence and sucummbed to monolithic single control. To maintain this stronghold, they have become oriented toward an elite - this gives them political clout in Congress. In the meantime, people like myself know that education of the deaf programs have become sort of state-supported social service centers for deaf adolescents at loose ends. Post-secondary programs have become a place to hang out, a genteel alternative to unemployment.

To overhaul this system, we must improve the quality of instruction for all students -- not just for an elite, but for all. To do this, we must keep three key elements in mind:

1) A single program is not likely to be an appropriate response to the needs of various types of persons. Therefore, it is fair to say that we should focus on and fund the interests of all instead of letting one group become overwhelming.
2) Efforts to address the problem will likely depend on existing public agencies -- their capacity and administrative flexibility. Therefore, the federal government should have the primary responsibility to identify our national interests in education, to provide resources, research and support for special groups. States and local groups have the primary responsibility for implementation. Governors should take a leadership role, creating state plans and state-wide task forces that include qualified, not political appointed, deaf professionals, business leaders, parents, and community groups.
3) Individuals most in need of such programs may not recognize and/or be aware of the advantages of participation or recognizing the advantages. Therefore, Congress needs to give recognition to the fact that it should be us, Deaf Americans, who should talk to our own peers about illiteracy. We can best help each other. Give us the information and we can work out mutual perceptives on illiteracy from within as well as from outside our Deaf community.

Freedom and literacy are closely associated. Therefore, Deaf Americans are being left to perish in an island of illiteracy. For many of us, our language barrier is a barricade which contrains us to quasi-democracy livelihood status which accounts to second-class citizenship status.

We, Deaf Americans, should not be treated with benign neglect. We have not failed. As a matter of fact, our system has failed us. Whatever, it is never too late to overhaul the system. In Illiterate America, Johanathan Kozel points out that between 1640 and 1700, the illiteracy rate for men in Massachusetts and Connecticut was somewhere between 89-95%. For women, it was around 62%. So why can't we challenge the 30% illiteracy rate among Deaf Americans? Why can't we Deaf Americans have Beethoven Projects like the one in Chicago? A Marshall Plan for pre-schoolers, a cradle to kindergarten aid plan so children can enter kindergarten in 1993 prepared to succeed? We are prepared to invest our dreams and our children's future in this.

The following are supplementary recommendations for developing and implementing a viable and cost-effective illiteracy program for Deaf America:

1) That language be incorporated into existing or new legislation that all literacy funding mandate that such programs include access for the hearing impaired,

including deaf people.

2) That grants be made available for states to develop and implement illiteracy programs for deaf people.

3) That grants me made available to train special education teachers in the area of Special Education for Deaf Adults.

4) That whatever agency is delegated the responsiblity to coordinate this difficult task, establish an Office of Special Education for Deaf Adults. This office would be responsible for providing federal regional offices with technical assistance. We must keep in mind that more money does not mean solutions unless there are accountability guidelines tied in.

5) That qualified deaf people be given top priority in recruitment efforts to develop and implement those programs, including training to become Special Education for Deaf Adults specialists.

6) That regulations for state plans mandate the inclusion of qualified hearing impaired people in their state advisory boards.

7) That state plans that do not include access to Deaf people be automatically disqualified for funds.

8) That grants be made available, for research, development, demonstration, and dissemination. This should include evaluation of educational technology and computer software suitable for providing instruction to deaf adults.

9) That grants be made available for pilot programs for Special Education for Deaf Adults.

10) That special projects for the hearing impaired and deaf people be categorized as are now for elderly citizens, American Indians, and immigrants so that they will not be subjected to interpretation of the law.

11) That Special Education for Deaf Adults teacher preparation grants be made available to train teachers for our long-term needs.

12) That Special Education for Deaf Adults paraprofessional grants be made available to our regional training centers to prepare teachers to meet our immediate adult education needs.

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April 13, 1987

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